



**AGRIOS GLOBAL
HOLDINGS**

CSE: AGRO
agriosglobalholdings.com

AGRIOS GLOBAL HOLDINGS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED: MARCH 31, 2019 AND 2018
(Expressed in US Dollars)



WHERE
TECHNOLOGY
MEETS **GROWTH**

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Agrios Global Holdings Ltd.

Opinion

We have audited the consolidated financial statements of Agrios Global Holdings Ltd. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that the Company incurred a net loss of \$4,645,340 for the year ended March 31, 2019 and, as of that date, the Company had an accumulated deficit of \$5,382,091. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

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

If, based on the work we have performed on this other information, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Canadian generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 audits 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 management's use of the going concern basis of accounting 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audits resulting in this independent auditors' report is Fernando Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 29, 2019

(The accompanying notes are an integral part of these consolidated financial statements)

AGRIOS GLOBAL HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

	Notes	March 31, 2019 \$	March 31, 2018 \$
ASSETS			
Current assets			
Cash		1,027,766	51,412
Term deposit	6	935,418	1,396,431
Amounts receivable	7	4,249,969	1,777
Prepaid expenses		168,065	9,770
Due from related parties	14	-	5,357,628
Total current assets		6,381,218	6,817,018
Non-current assets			
Property, plant and equipment	10	23,014,699	-
Restricted cash	12	1,500,000	-
Deposits		1,664	-
Intangibles	8	194,032	-
Goodwill	8	187,702	-
Total non-current assets		24,898,097	-
Total assets		31,279,315	6,817,018
LIABILITIES			
Current liabilities			
Payables and accruals	14	711,847	69,231
Current income taxes	19	237,589	-
Current portion of mortgage payable	12	233,257	-
Due to related parties	14	99,277	-
Total current liabilities		1,281,970	69,231
Long-term liabilities			
Long term portion of mortgage payable	12	4,188,872	-
Deferred income tax liability	19	2,659,041	-
Total long-term liabilities		6,847,913	-
Total liabilities		8,129,883	69,231
EQUITY			
Equity attributable to shareholders'			
Share capital	11	25,083,183	6,833,871
Reserves	11	3,496,049	722,600
Non-controlling interest		(16,710)	-
Accumulated other comprehensive loss		(30,999)	(55,223)
Accumulated deficit		(5,382,091)	(753,461)
Total equity		23,149,432	6,747,787
Total liabilities and equity		31,279,315	6,817,018

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 20)

Approved and authorized for issuance on behalf of the Board of Directors on July 29, 2019:

/s/ "Larry Ellison"

Larry Ellison, Director

/s/ "Savio Chiu"

Savio Chiu, Director

(The accompanying notes are an integral part of these consolidated financial statements)

AGRIOS GLOBAL HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

	Notes	2019 \$	2018 \$
Revenue - Products and service fees		1,507,172	-
Cost of Sales			
Cost of products and services sold		748,717	-
Gross Profit		758,455	-
Revenue – rental and other fees		2,537,177	-
		3,295,632	-
Expenses			
Accounting and Audit		240,664	-
Advertising and promotion		263,718	-
Asset acquisition costs	9	985,097	-
Bank charges and interest		190,726	1,513
Consulting fees		658,726	72,875
Depreciation		589,939	-
Legal fees		240,567	67,786
Management salaries	14	1,278,656	30,502
Office and miscellaneous		482,424	10,308
Other salaries		6,866	-
Payroll taxes and benefits		151,323	-
Share-based payments	11	2,555,337	509,442
Travel and meals		479,502	56,665
		(8,123,545)	(749,091)
Loss before other items		(4,827,913)	(749,091)
Other items			
Foreign exchange loss on translation		-	(2,648)
Interest revenue		60,558	3,047
Loss on foreign exchange		-	(4,769)
Loss before income taxes		(4,767,355)	(753,461)
Income tax expense		237,589	-
Deferred income tax recovery		(359,604)	-
Net Loss for the year		(4,645,340)	(753,461)
Income attributable to: Non-controlling interest		16,710	-
Net Loss attributable to shareholders of the Company		(4,628,630)	(753,461)
Other comprehensive income (loss)			
Items that may be subsequently reclassified:			
Foreign currency translation		24,224	(55,223)
Comprehensive Loss for the year attributable to shareholders of the Company		(4,652,854)	(808,684)
Loss per share, basic and diluted		(0.06)	(0.11)
Weighted average number of common shares outstanding		74,147,246	6,596,677

(The accompanying notes are an integral part of these consolidated financial statements)

AGRIOS GLOBAL HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

	Share Capital Number of Shares	Share Capital Amount	Reserves	Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Attributable To Non- Controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$
Balance - March 31, 2017	1	1	-	-	-	1	-	1
Private Placement	627,500	23,051	-	-	-	23,051	-	23,051
Private Placement	10,000,000	390,472	-	-	-	390,472	-	390,472
Private Placement	7,554,170	903,969	-	-	-	903,969	-	903,969
Private Placement	2,423,698	294,734	-	-	-	294,734	-	294,734
Private Placement	4,211,244	834,108	-	-	-	834,108	-	834,108
Private Placement	12,885,896	4,998,020	-	-	-	4,998,020	-	4,998,020
Share issuance costs	-	(610,484)	213,158	-	-	(397,326)	-	(397,326)
Share-based compensation	-	-	509,442	-	-	509,442	-	509,442
Other comprehensive loss	-	-	-	-	(55,223)	(55,223)	-	(55,223)
Net loss	-	-	-	(753,461)	-	(753,461)	-	(753,461)
Balance - March 31, 2018	37,702,509	6,833,871	722,600	(753,461)	(55,223)	6,747,787	-	6,747,787
Balance - March 31, 2018	37,702,509	6,833,871	722,600	(753,461)	(55,223)	6,747,787	-	6,747,787
Shares issued to acquire TimberLand Bay Properties LLC	29,166,667	11,246,955	-	-	-	11,246,955	-	11,246,955
Private Placement	7,065,000	2,660,817	-	-	-	2,660,817	-	2,660,817
Share issuance costs - Cash	-	(239,706)	-	-	-	(239,706)	-	(239,706)
Share issuance costs - Warrants	-	(88,768)	88,768	-	-	-	-	-
Private Placement	359,000	136,637	-	-	-	136,637	-	136,637
Share issuance costs - Cash	-	(6,309)	-	-	-	(6,309)	-	(6,309)
Share issuance costs - Warrants	-	(4,562)	4,562	-	-	-	-	-
Private Placement	9,126,278	4,162,182	-	-	-	4,162,182	-	4,162,182
Share issuance costs - Cash	-	(240,119)	-	-	-	(240,119)	-	(240,119)
Share issuance costs - Warrants	-	(124,891)	124,782	-	-	(109)	-	(109)
Private Placement	217,935	101,013	-	-	-	101,013	-	101,013
Shares issued to acquire Greenfields Agritech Limited	2,164,220	646,063	-	-	-	646,063	-	646,063
Share-based compensation	-	-	2,555,337	-	-	2,555,337	-	2,555,337
Other comprehensive income	-	-	-	-	24,224	24,224	-	24,224
Net loss	-	-	-	(4,609,421)	-	(4,628,630)	(16,710)	(4,645,340)
Balance - March 31, 2019	85,801,609	25,083,183	3,496,049	(5,362,882)	(30,999)	3,166,142	(16,710)	23,149,432

(The accompanying notes are an integral part of these consolidated financial statements)

AGRIOS GLOBAL HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

	2019	2018
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the year	(4,645,340)	(753,461)
Items not involving cash:		
Greenfields Agritech Limited acquisition costs	646,063	-
Foreign exchange (gain) loss	-	(55,621)
Share based payments	2,555,337	509,689
Depreciation	589,939	-
Deferred income tax recovery	(378,813)	-
Income tax expense	237,589	-
Changes in non-cash working capital:		
Accounts receivable	(3,875,727)	(1,777)
Prepaid expenses	(158,295)	(9,770)
Payables and accruals	470,774	69,231
	(4,179,660)	(241,709)
Investing activities:		
Advances to Timberland Bay Properties LLC	-	(5,357,230)
Property, plant and equipment additions	(3,605,678)	-
Deposits	6,207	(1,396,431)
	(3,599,471)	(6,753,661)
Financing activities:		
Proceeds from shares issued	7,060,649	7,046,782
Share issuance costs	(486,243)	-
Advances from (to) related parties	99,277	-
Repayment of mortgage payable	(177,871)	-
Repayment of installment obligations	(180,273)	-
	6,315,539	7,046,782
Net change in cash and term deposits	(1,463,592)	51,412
Cash acquired on acquisition of Timberland Bay Properties LLC	4,136,748	-
Cash and term deposits, beginning of year	1,447,843	-
	4,120,999	51,412
Effect of exchange rate changes on translation of cash	(657,815)	
Cash, term deposits and restricted cash, end of year	3,463,184	51,412
Supplementary cash flow information (note 18)		
Cash, term deposits and restricted cash are comprised of:	2019	2018
	\$	\$
Cash	1,027,766	51,412
Restricted cash	1,500,000	-
Term deposit	935,418	1,396,431
	3,463,184	1,447,843

(The accompanying notes are an integral part of these consolidated financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

Agrios Global Holdings Ltd. (the “Company”) was incorporated in British Columbia, Canada, on February 18, 2017 under the name Sparrow Capital Corp. On June 23, 2017, the Company changed its name from Sparrow Capital Corp. to Agrios Global Holdings Ltd. The Company through its wholly owned subsidiaries, currently operates as an agriculture technology services and property management company. On November 12, 2018, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “AGRO”. On February 21, 2019 the Company commenced trading on the OTCQB Venture Market under the ticker symbol (OTCQB: AGGHF). The Company’s head office is located at 1980 – 1075 West Georgia Street, Vancouver, BC, Canada, V6E 3C9.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2019, is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to these consolidated financial statements as if the policies have always been in effect, other than those described below:

Adoption of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has determined that the adoption of this standard has no impact on its financial statements.

On April 1, 2018, the Company adopted the requirements of IFRS 15. IFRS 15 covers principles that an entity shall apply to report useful information to users of the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Company elected to apply IFRS 15 using a full retrospective approach.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 requires companies to recognize revenue when “control” of goods or services transfers to the customer, whereas the previous standard, IAS 18, required entities to recognize revenue when the “risks and rewards” of the goods or services transfer to the customer. The Company concluded that there is no change to the timing of revenue recognition of its rental income, service fee income, and supply sales under IFRS 15 compared to the previous standard. As such, no adjustment was required to the Company’s financial statements.

Adoption of IFRS 9 Financial Instruments (“IFRS 9”)

On April 1, 2018, the Company adopted the requirements of IFRS 9. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected-loss” impairment model. The Company adopted a retrospective approach, other than for hedge accounting, which is applied prospectively.

IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities, and there was no significant impact on the carrying amounts of the Company’s financial instruments at the transition date.

The introduction of the new ‘expected credit loss’ impairment model had negligible impact on the Company, given the Company provides its rental income, service fee income, and product sales concentrate to a customer with no historical level of customer default, and the corresponding receivables from these sales are short-term in nature.

The Company currently has no hedging arrangements.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation currency of the consolidated financial statements is the United States dollar. The functional currency of the parent entity is the Canadian dollar (“CAD”).

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

<u>Name</u>	<u>Jurisdiction</u>
Agrios Global Holdings (USA), Inc.	Delaware, USA
Agrios Global Holdings (Washington), LLC	Washington, USA
Rainier Product Services, LLC	Washington, USA
First Cascade Financial Services, LLC	Washington, USA
Pacific Green Technology and Agronomy, LLC	Washington, USA
TimberLand Bay Properties, LLC	Washington, USA
Agrios Global Solutions Inc.	Delaware, USA
Agrios Asia Holdings Ltd.	Hong Kong, HK
Greenfields Agritech Ltd.	Hong Kong, HK
Yunnan Huama Biological Development Co. Ltd.	Hong Kong, HK

AGRIOS GLOBAL HOLDINGS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Currency: United States Dollar:

Agrios Global Holdings (USA), Inc.
Agrios Global Holdings (Washington), LLC
Rainier Product Services, LLC
First Cascade Financial Services, LLC
Pacific Green Technology and Agronomy, LLC
TimberLand Bay Properties, LLC
Agrios Global Solutions Inc.

Functional Currency: Hong Kong Dollar:

Agrios Asia Holdings Ltd.
Greenfields Agritech Ltd.
Yunnan Huama Biological Development Co. Ltd.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Term deposits

The Company considers term deposits with a maturity greater than three months at the time of issuance, and which are subject to insignificant risk of changes in value to be term deposits.

(e) Accounts receivable

The Company initially values its accounts receivable at fair value. The Company records an allowance for doubtful accounts against accounts receivable that management believes are impaired. The Company records specific allowances against customer receivables based on our evaluation of the customers' creditworthiness and knowledge of their financial condition. The Company also considers the aging of the receivables, customer and industry concentrations, the current business environment, and historical experience.

(f) Intangible assets

Intangible assets with finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis. The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. During the year the Company, as part of the business combination, acquired an intangible asset in the form of advantageous leases. The intangible asset will be amortized over the term the lease arrangement.

Currently the Company has Goodwill as an intangible asset with indefinite useful life.

AGRIOS GLOBAL HOLDINGS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

The Company's property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labour, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property, plant and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

The Company uses methods and annual rates as follows:

Buildings and components	20 - 40 years on a straight line basis
Office equipment and equipment	10 years on a straight line basis
Vehicles	10 years on a straight line basis

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting year-end and adjusted, if appropriate.

Significant components of property, plant and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in profit or loss.

(h) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 –Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of operations and comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, such as forecasted future net cash flows discounted to present value and the market approach method. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired property, plant and equipment, intangible assets and contingent consideration.

In certain situations, goodwill or a bargain purchase gain may result from a business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

AGRIOS GLOBAL HOLDINGS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019 AND 2018
(In US Dollars, unless otherwise stated)

Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the year in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

(i) Impairment of non-current assets

- (j) Non-current assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Foreign Currency Translation

Agrios Global Holdings Ltd.'s functional currency is the Canadian dollar and reporting currency is the US dollar. All US subsidiaries have a functional currency of US dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

Effective April 1, 2018, the Company changed its presentation currency from the Canadian dollar to the US dollar. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to its peers. For more details, see Note 5 of these consolidated financial statements.

(k) Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Share-based payment transactions

The fair value of equity settled stock options awarded to employees defined under IFRS 2 Share-based payments (i.e. employees for legal and tax purpose, directors and certain consultants), determined as of the date of grant, and awarded to non-employees defined under IFRS 2, as of the date of delivery of service, is recognized as share-based payments expense, included in general and administrative expenses in the statement of comprehensive loss, over the vesting period of the stock options based on the estimated number of options expected to vest, with a corresponding increase in equity.

Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

(m) Loss Per Share

Basic loss per common share is computed by dividing their respective net loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted loss per share by application of the treasury stock method.

(n) Comprehensive Loss

(o) Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. Income Taxes

Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax assets and liabilities are presented as non-current.

(p) Revenue

The Company recognizes revenue from rental income, product sales or services rendered when the following four criteria are met: persuasive evidence of an arrangement exists, shipping or delivery and acceptance has occurred, or service has been rendered, the selling price is fixed or determinable, and collectability is reasonably assured.

Rental income is recognized as revenue over the terms of the related rental agreements.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Product sales represent revenue from the sale of products and related shipping fees where the Company records revenue of gross sales price. Product sales and shipping revenues are recorded when the products are shipped and title passes to customers. Cost of goods sold represents the average cost of products that the Company buys and sells for its customers. The Company maintains minimal amounts of inventory.

Service revenue is recognized when service has been rendered.

(q) Provisions

The Company recognizes provisions for liabilities of uncertain timing or amount including those for legal disputes. If applicable, the provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. There were no provisions recognized as of March 31, 2019.

(r) Financial Instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair values plus, in the case of financial assets not at fair value through profit and loss ("FVTPL") transaction costs.

Financial assets are subsequently measured at either:

- (i) amortized cost;
- (ii) fair value through other comprehensive income ("FVTOCI"); or
- (iii) at fair value through profit or loss ("FVTPL").

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarized the classification of the Company's financial instruments under IAS 39 and the new measurement under IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial assets		
Cash and cash equivalents	FVTPL	FVTPL
Term deposit	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Restricted cash	FVTPL	FVTPL
Financial liabilities		
Payables	Amortized cost	Amortized cost
Mortgage payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. Estimated useful life of property, plant and equipment – Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- ii. Estimates used in calculations for impairment - The calculations for impairment testing of the Company's goodwill, intangible assets and property plant and equipment involve significant estimates and assumptions. Items estimated include cash flows, discount rates and assumptions on revenue growth rates. These estimates could affect the Company's future results if the current estimates of future performance and fair values change.
- iii. Estimates used in determining the fair value of identifiable assets acquired in business combination. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company may engage an independent valuator to perform the valuation or use internally generated estimates. As discussed in Note 8, during the quarter the Company entered into a business combination. The Company estimated the fair value of the Property, Plant and Equipment acquired in the business combination using appraisal value method. Inputs used in this valuation are considered to be Level 2 inputs. The fair value of the advantageous lease was determined using the discounted cash flow method and comparable lease spaces which are considered to be Level 3 inputs.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- iv. In calculating share-based compensation for performance warrants, finders' warrants and options granted, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In order to estimate volatility, the Company uses companies with similar characteristics that have prices quoted on an active exchange. To calculate the share-based compensation expense related to key employee performance milestones associated with the terms of the Company's performance warrants, the Company must estimate the number of shares that will be earned and when they will be issued based on estimated probabilities.

Significant accounting judgments

- i. Determination of Company's ability to continue as a going concern - The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to obtain profitable operations, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
- ii. Determination of business combinations - Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used.
- iii. Determination of impairment on goodwill and intangibles - Judgment is also exercised to determine whether an indication of impairment is present that would require the completion of an impairment test in addition to the annual testing.
- iv. In estimating fair value of options using the Black-Scholes option pricing model, management is required to make certain assumptions such as the expected life of options, volatility of the Company's future share price, risk free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Accounting Standards and Amendments Issued But Not Yet Adopted:

New accounting standards effective for annual years on or after April 1, 2019:

IFRS 16 – Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The impact of adoption of these new and amended standards on the financial statements of the Company is not expected to be significant.

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4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual years beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The Company intends to adopt the Interpretation in its financial statements for the annual year beginning on April 1, 2019. The Company does not expect the adoption of IFRIC 23 to have a material effect on the Company's future results and financial position.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

5. CHANGE IN PRESENTATION CURRENCY

Effective April 1, 2018, the Company changed its presentation currency to US dollars from Canadian dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to peers. In addition, the majority of the Company's operations are in the USA. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively. The consolidated financial statements for all years presented have been translated into the new presentation currency in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates.

The consolidated statements of operations and comprehensive loss and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting year. In the consolidated statements of financial position, all assets and liabilities have been translated using the year-end exchange rates, and all resulting exchange differences have been recognized in the consolidated statements of operating and comprehensive loss. Asset and liability amounts previously reported in Canadian dollars have been translated into US dollar using year-end exchange rates, respectively, shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

The change in presentation currency resulted in the following impact on the April 1, 2017 opening consolidated statement of financial position:

	Reported at April 1, 2017 in CAD	Presentation currency change	Restated April 1, 2017 in USD
Total assets	\$ 1	\$ -	\$ 1
Total liabilities	-	-	-
Equity	1	-	1

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5. CHANGE IN PRESENTATION CURRENCY

The change in presentation currency resulted in the following impact on the March 31, 2018, consolidated statement of financial position:

	Reported at March 31, 2018 in CAD	Presentation currency change	Restated March 31, 2018 in USD
Total assets	\$ 8,787,136	\$ (1,970,118)	\$ 6,817,018
Total liabilities	89,238	(20,008)	69,231
Equity	8,697,898	(1,950,111)	6,747,787

6. TERM DEPOSIT

The Company has \$935,418 (March 31, 2018 - \$1,396,431) in a GIC which earns interest at prime less 2.35% per annum and matures on June 19, 2019.

7. ACCOUNTS RECEIVABLE

	March 31, 2019	March 31, 2018
GST Receivable	\$ 30,189	\$ 1,777
Trade Receivables	4,219,780	-
	\$ 4,249,969	\$ 1,777

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8. ACQUISITION OF TIMBERLAND BAY PROPERTIES

On June 8, 2018, the company acquired 100% of the outstanding common shares of TimberLand Bay Properties LLC ("TimberLand"). The Company issued 29,166,667 common shares with a fair value of \$11,246,955. In addition, the Company contributed, in the form of equity, \$9,000,000. Of this amount \$4,500,000 is part of an inter-company account loan and \$4,500,000 relates to the assumption of the mortgage described in Note 12.

The Company has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

The allocation of the purchase price to the total fair value of net assets acquired is as follows:

	\$
Fair value of net assets acquired	
Cash	4,136,748
Accounts receivable	372,465
Other current assets	461,761
Property, plant and equipment	20,328,489
Intangible assets	194,032
	<u>25,493,495</u>
Current liabilities	(452,749)
Long-term liabilities	(1,962,848)
Deferred tax liability	(3,018,645)
Identifiable net assets acquired	<u>20,059,253</u>
Goodwill	187,702
	<u>20,246,955</u>
	\$
Consideration paid	
Fair value of 29,166,667 common shares of the Company	11,246,955
The Company also contributed \$9,000,000 of which \$4,500,000 was the assumption of debt described at Note 12 and \$4,500,000 was attributed to inter-company loans	<u>9,000,000</u>
	<u>20,246,955</u>

The resulting goodwill represents the sales and growth potential of TimberLand in the cannabis industry and is not deductible for tax purposes.

As part of the business combination described above the Company acquired an intangible asset in the form of advantageous leases. The Company will amortize the advantageous leases over the terms of each lease. The Company will amortize the intangible assets on a straight-line basis over the next six years. The Company did not record any amortization as the amount would have been minimal since the acquisition date of June 8, 2018.

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9. ACQUISITION OF GREENFIELDS AGRITECH LIMITED

On December 17, 2018 (the “Closing Date”), the Company acquired all of the issued and outstanding common shares of Greenfields Agritech Limited in exchange for \$330,000 and 2,000,000 common shares of the Company (the “Performance Shares”) at a price of \$0.30 per share (CAD \$0.40 per share), subject to certain conditions (the “Transaction”). Greenfields holds a 65% ownership in a joint venture with Yunnan Hua Fang Health Management Co. Ltd. The joint venture will be focused in research and development of hemp cultivation; processing and sales of hemp products; biotechnology research and application; and import/export of goods and technology.

On the Closing Date the Performance Shares were issued and held in escrow to be released upon Greenfields achieving certain milestones (the “Milestones”) as follows:

Milestone	Number of Performance Shares to be released
Joint Venture obtaining the foreign business trading registration	500,000
Joint Venture obtaining the health food product trading license	500,000
Joint Venture obtaining the hemp cultivation license	1,000,000

The Company incurred \$9,034 in costs associate with the Transaction, and is required to release from escrow 164,220 common shares of the Company with an estimated fair value of \$49,023 in finder’s fees as follows:

	Number of Common Shares to be released
At Closing	44,220 (issued)
Joint Venture obtaining the foreign business trading registration	30,000
Joint Venture obtaining the health food product trading license	30,000
Joint Venture obtaining the hemp cultivation license	60,000

The Company determined that at the time of acquisition Greenfields did not qualify as a business, therefore the Transaction was considered an acquisition of the net assets of Greenfields. The Company determined that fair value of the identifiable assets and liabilities acquired at the date of Transaction were nominal, therefore the Company expensed the remaining costs of the asset acquisition.

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10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Office Equipment	Equipment	Vehicles	Deposits	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, March 31, 2017 and 2018	-	-	-	-	-	-	-
Additions – Acquired on acquisition of TimberLand Bay Properties LLC	1,356,295	16,700,568	6,885	2,219,860	16,028	28,853	20,328,489
Additions	-	2,049,918	20,660	1,140,652	(6,228)	71,147	3,276,149
Balance, March 31, 2019	1,356,295	18,750,486	27,545	3,360,512	9,800	100,000	23,604,638
Accumulated depreciation							
Balance, March 31, 2017 and 2018	-	-	-	-	-	-	-
Additions	-	404,807	1,611	182,121	1,400	-	589,939
Balance, March 31, 2019	-	404,807	1,611	182,121	1,400	-	589,939
Carrying amounts							
Balance, March 31, 2018	-	-	-	-	-	-	-
Balance, March 31, 2019	1,356,295	18,345,679	25,934	3,178,391	8,400	100,000	23,014,699

Land, buildings and equipment with a net book value of \$22,949,381 is held as security on the mortgage payable (Note 12).

11. SHARE CAPITAL

(a) Share Capital

Authorized: Unlimited common shares without par value.

- (i) On May 18, 2017, the Company closed a non-brokered private placement raising gross proceeds of \$23,051 (CAD \$31,375) by the issuance of 627,500 common shares at a price of \$0.037 (CAD \$0.05) per share.
- (ii) On December 14, 2017, the Company closed a non-brokered private placement raising gross proceeds of \$390,472 (CAD \$500,000) by the issuance of 10,000,000 common shares at a price of \$0.039 (CAD \$0.05) per share.
- (iii) On January 11, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$903,969 (CAD \$1,133,125) by the issuance of 7,554,170 common shares at a price of \$0.12 (CAD \$0.15) per share.
- (iv) On January 29, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$294,734 (CAD \$363,555) by the issuance of 2,423,698 common shares at a price of \$0.122 (CAD \$0.15) per share.
- (v) On February 20, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$834,108 (CAD \$1,052,811) by the issuance of 4,211,244 common shares at a price of \$0.198 (CAD \$0.25) per share.
- (vi) On March 2, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$4,998,020 (CAD \$6,442,948) by the issuance of 12,885,896 common shares at a price of \$0.388 (CAD \$0.50) per share.
- (vii) On June 8, 2018, the Company completed the acquisition of TimberLand Bay Properties, LLC and issued 29,166,667 shares as consideration shares.
- (viii) On June 19, 2018 the Company completed the first tranche of a brokered private placement ("Financing") for gross proceeds of \$2,660,817 (CAD \$3,532,500) at a price of \$0.377 (CAD \$0.50) per unit. Each unit will consist of one common share and one share purchase warrant, resulting in the issuance of 7,065,000 common shares and 7,065,000 share purchase warrants. The share purchase warrants are convertible into 706,500 common shares if the Company has not completed a liquidity event by the later of 120 days from closing or December 31, 2018. Each common share purchase warrant will be exercisable for an additional CAD \$0.05 security every 30 days from the later of 120 days from closing or December 31, 2018 if the liquidity event does not occur. In connection with the Financing the Company incurred \$216,690 (CAD \$287,678) of share issuance costs and issued 423,900 Agent's Warrants. The Agent's Warrants entitle the holders to acquire 423,900 common shares at an exercise price of CAD \$0.50 for two years from the date the Company completes a liquidity event with a fair value of \$88,768 (CAD \$117,847). The fair value was estimated using the Black-Scholes option pricing model applying a market price of CAD \$0.50, an exercise price of CAD \$0.50, a risk free rate of 1.83%, an expected volatility of 100% and an expected dividend yield of 0%. The fair values of the Agent's Warrants were recorded as a share issue cost.

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11. SHARE CAPITAL (continued)

(a) Share Capital (continued)

- (ix) On July 16, 2018, the Company completed the second tranche of a brokered private placement (“Financing”) for gross proceeds of \$136,637 (CAD \$179,500) at a price of \$0.38 (CAD \$0.50) per unit. Each unit will consist of one common share and one share purchase warrant, resulting in the issuance of 359,000 common shares and 359,000 share purchase warrants. The share purchase warrants are convertible into 35,900 common shares if the Company has not completed a liquidity event by the later of 120 days from closing or December 31, 2018. Each common share purchase warrant will be exercisable for an additional CAD \$0.05 security every 30 days from the later of 120 days from closing or December 31, 2018 if the liquidity event does not occur. In connection with the Financing the Company incurred \$6,309 (CAD \$8,288) of share issuance costs and issued 21,450 Agent’s Warrants. The Agent’s Warrants entitle the holders to acquire 21,450 common shares at an exercise price of CAD \$0.50 for two years from the date the company completes a liquidity event with a fair value of \$4,562 (CAD \$5,993). The fair value was estimated using the Black-Scholes option pricing model applying a market price of CAD \$0.50, an exercise price of CAD \$0.50, a risk free rate of 1.92%, an expected volatility of 100% and an expected dividend yield of 0%. The fair value of the Agent’s Warrants were recorded as a share issue cost.
- (x) On July 23, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$4,162,182 (CAD \$5,475,767) by the issuance of 9,126,278 common shares at a price of \$0.456 (CAD \$0.60) per share.
- (xi) On August 27, 2018, the Company closed a non-brokered private placement raising gross proceeds of \$101,013 (CAD \$130,761) by the issuance of 217,935 common shares at a price of \$0.464 (CAD \$0.60) per share
- (xii) On December 17, 2018, the Company completed the acquisition of Greenfields Agritech Limited and issued 2,164,220 shares as considerations shares of which 2,120,000 shares are held in escrow until the achievement of the milestones outlined in Note 9.

(b) Warrants

The continuity of warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$CAD)
Balance, March 31, 2017	-	-
Granted	13,500,000	0.10
Granted – Finders Fee Warrants	1,146,411	0.45
Balance, March 31, 2018	14,646,411	0.13
Granted – Finders Fee Warrants	962,242	0.55
Granted	7,424,000	-
Cancelled	(7,424,000)	-
Balance March 31, 2019	15,608,653	0.15 ⁽¹⁾

(1) Weighted average exercise price is calculated based on warrants that require additional consideration upon exercise.

During the year ended March 31, 2019, 962,242 finder’s warrants were issued pursuant to the non-brokered and brokered private placements and 7,424,000 common share purchase warrants issued in conjunction with the common shares as units. The share purchase warrants are convertible into 742,400 common shares if the Company has not completed a liquidity event by the later of 120 days from closing or December 31, 2018. Each common share purchase warrant will be exercisable for an additional CAD \$0.05 security every 30 days from the later of 120 days from closing or December 31, 2018 if the liquidity event does not occur.

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11. SHARE CAPITAL (continued)

(b) Warrants (continued)

Full share equivalent warrants outstanding and exercisable at of March 31, 2019:

Expiry Date	Price per Share (\$CAD)	Warrants Outstanding
February 20, 2020	\$ 0.25	226,279
March 2, 2020	\$ 0.50	920,132
November 12, 2020	\$ 0.50	423,900
November 12, 2020	\$ 0.50	21,540
July 23, 2020	\$ 0.60	516,802
January 1, 2023	\$ 0.05	10,500,000
February 23, 2023	\$ 0.25	3,000,000
		15,608,653

The Company used the Black-Scholes warrant pricing model to estimate the fair value of the finder's fee warrants at the grant date using the following assumptions:

As at	2019	2018
Risk-free interest rate (%)	1.84 – 1.98	1.75 - 1.78
Weighted average share price on grant date (\$CAD)	0.50	0.45
Forfeiture rate (%)	-	-
Expected dividend yield (%)	-	-
Expected stock price volatility (%)	100.00	100.00
Expected life (years)	2.25	2.00
Fair market price on grant date (\$CAD)	\$0.50 - \$0.60	\$0.50

The fair value of the warrants issued to finders was \$218,220 (CAD\$288,147) for March 31, 2019 (\$213,158 (CAD\$273,226) – 2018). The amount has been recorded in Reserves on the Consolidated Statement of Changes in Equity.

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11. SHARE CAPITAL (continued)

(b) Warrants (continued)

The Company used the Black-Scholes warrant pricing model to estimate the fair value of the performance warrants at the grant date using the following assumptions:

As at	2019
Risk-free interest rate (%)	1.90 – 2.04
Weighted average share price on grant date (\$CAD)	\$0.10
Forfeiture rate (%)	34%
Expected dividend yield (%)	-
Expected stock price volatility (%)	100.00
Expected life (years)	5.00
Fair market price on grant date (\$CAD)	\$0.05

The fair value of the performance warrants vested during the year ended March 31, 2019 was \$1,337,683 (CAD \$1,747,015) (\$510,046 (CAD \$654,073) – March 31, 2018).

Warrant-pricing models require the application of estimates and assumptions including the expected volatility. The Company uses expected volatility rates based upon historical data from comparable companies.

(c) Stock Options

The Company has adopted a Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

The continuity of stock options for the years ended March 31, 2019 and 2018 is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price CAD\$	Number of Options	Weighted Average Exercise Price CAD\$
Options outstanding, Beginning of the year	-	-	-	-
Granted	7,050,000	\$0.58	-	-
Options outstanding, End of the year	7,050,000	\$0.58	-	-
Options exercisable, End of the year	2,866,665	\$0.58	-	-

The options outstanding at March 31, 2019 are as follows:

Number Outstanding	Weighted Average Life	Expiry Date
5,300,000	4.32 years	July 26, 2023
400,000	4.78 years	January 9, 2024
850,000	1.78 years	January 9, 2021
300,000	4.96 years	March 15, 2024
200,000	1.96 years	March 15, 2021

11. SHARE CAPITAL (continued)

(c) Stock Options (continued)

On July 26, 2018, the Company granted 5,300,000 options to Directors, employees, consultants and investor relations of the Company. The options are exercisable at CAD \$0.60 and expire on July 26, 2023. On January 9, 2019, the Company granted 1,250,000 options to employees, consultants and investor relations of the Company. The options are exercisable at CAD \$0.45, and 400,000 expire on January 9, 2024 and 850,000 expire on January 9, 2021. On March 15, 2019, the Company granted 500,000 options to employees, consultants and investor relations of the Company. The options are exercisable at CAD \$0.67, and 300,000 expire on March 15, 2024 and 200,000 expire on March 15, 2021.

The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: share price of \$0.45-0.67, risk free interest rate of 1.58%-2.16%; dividend yield of 0%; expected volatility of 100%; and expected option life of 4 - 5 years.

(d) Escrow Shares

As at March 31, 2019, the Company had 24,456,146 common shares held in escrow (2018 – nil).

12. MORTGAGE PAYABLE

On March 2, 2017 the Company entered into an agreement to acquire a parcel of land for a purchase price of \$150,000. A down payment of \$25,000 was made on closing and the remaining \$125,000 was financed through a mortgage agreement with the seller. The mortgage is to be repaid with five annual payments of \$25,000 commencing on January 1, 2018. The payments are non-interest bearing, unless the payments are not made within 15 calendar days, after which the delinquent amounts will bear interest of 15% plus a 5% late fee.

As at March 31, 2019, the balance of the mortgage was \$75,000 of which \$25,000 is considered current and \$50,000 as long term.

The Company refinanced its credit facilities with the bank into a mortgage in the amount of \$4,500,000 with a maturity date of May 28, 2020, bearing a variable interest based on the Wall Street Journal U.S. Prime Rate which at March 31, 2019 was 5.50% per annum. The loan is repayable in payments of \$110,592 every 3 months, commencing on August 18, 2018. The loan is secured by a Deed of Trust on the Company's building and land and is guaranteed by both Mr. James F. Foster and Larry Ellison, who are directors of the Company. The mortgage is secured against the land building, and equipment, along with a \$1,500,000 GIC held by the Company. The \$1,500,000 GIC has been classified as restricted cash.

As at March 31, 2019, the balance of the bank mortgage was \$4,347,129 of which \$208,257 is considered current and \$4,138,872 as long term.

13. INSTALMENT OBLIGATIONS

Upon the acquisition of TimberLand (described in Note 8), the Company assumed the following instalment obligations:

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13. INSTALMENT OBLIGATIONS (continued)

	2019
Instalment Obligations	\$
Principal - \$350,600, monthly payments of \$19,824, 2.5% interest per annum, and due on September 30, 2018	350,600
Principal - \$88,224, monthly payments of \$3,676, non-interest bearing, and due on March 1, 2020	88,224
Principal - \$26,976, monthly payments of \$1,124, non-interest bear, and due on March 1, 2020	26,976
Less: Payments made net of interest – prior to acquisition	(285,527)
Less: Payments made net of interest – subsequent to acquisition	(180,273)
Instalment obligation principal	Nil

The Company paid the balance of the instalment obligation as of March 31, 2019.

14. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2019 and 2018, the Company incurred the following expenses to related parties:

	2019	2018
	\$	\$
Salaries and wages – CEO, President and a director	209,583	7,084
Salaries and wages – Directors	491,264	-
Salaries and wages – CTO	84,583	-
Salaries and wages – Director of Agronomy Services	97,500	-
Salaries and wages – Director of Operations	90,000	-
Salaries and wages – Former VP of Business Development	170,000	7,083
Consulting fees – CFO and a director	45,739	-
Consulting fees – Managing Director of Agrios Asia	71,394	-
Consulting fees – VP Product Development	20,000	-
Contractor fees - a company controlled by the CTO	460,762	-
Share-based payments	1,265,402	-
	3,006,227	14,167

14. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at March 31, 2019 and 2018, the Company has the following balance owing to (due from) related

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parties:

	March 31, 2019	March 31, 2018
	\$	\$
Officers and Directors	19,937	-
Directors	17,957	-
Officers	53,738	-
JRV Technologies LLC, a company controlled by James Foster	98,991	-
Ascendant Management LLC, a company controlled by Andrew Lange	370,740	-
SK Alliance Company Ltd., a company controlled by Stephanie Wong	8,915	-
Timberland Bay Properties LLC	-	(5,357,625)
	<u>570,279</u>	<u>(5,357,625)</u>

Due to/from related parties are unsecured, non-interest bearing, and due on demand with no specific terms of repayment and were included in due from related parties, payables and accruals and due to related parties.

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the buildout of its facility. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

16. ECONOMIC DEPENDENCE

The Company had one customer for the year ended March 31, 2019 which accounted for all of the revenues. As the majority of the Company's income is derived from the sale of services and products, its ability to continue operations is dependent upon the relationship with and the sustainability of the customer. Any significant disruption in the customer's business could result in a material adverse effect on the operations of the Company. The loss of this significant customer will adversely impact the operations of the Company.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments

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The Company's financial assets include cash, term deposits and restricted cash, and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2019 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	1,027,766	-	-	1,027,766
Term deposit	935,418	-	-	935,418
Restricted cash	1,500,000	-	-	1,500,000

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2019 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, term deposits, restricted cash, due from related parties, payables, due to related parties, instalment obligations and mortgage payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in United States dollars. The Company's corporate office is based in the Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits and paid on the mortgage payable and instalment obligations. The fair value interest rate risk on bank deposits, mortgage payable and instalment obligations are insignificant as the deposits, mortgage payable and instalment obligations are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

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Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. To minimize the credit risk of cash the Company places these instruments with a high quality financial institution. Credit risk from accounts

receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations, where it is considered necessary, of its customers financial condition and operations. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. The Company has not recorded any allowance against its accounts receivable and expect to recover the full carrying amounts.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the year ended March 31, 2019 and 2018 were as follows:

For the Years Ended March 31,	2019	2018
	\$	\$
Fair value of finder's fee warrants	218,112	-
Shares issued in purchase of TimberLand Bay Properties LLC	11,246,955	-
Interest	190,726	-
Income taxes	-	-

19. INCOME TAXES

Income tax recovery (expense) differs from the amount that would result from applying the Canadian federal and provincial statutory income tax rates to income (loss) before future income taxes. For the year ended March 31, 2019, the Canadian statutory rate is 27% (2018 – 26%).

The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2019	2018
	\$	\$
Net loss	(4,767,355)	(753,461)
Statutory income tax rate	27%	26%
Income tax recovery at statutory rate	(1,199,962)	(195,890)
Tax effect of:		
Non-deductible differences	817,903	34,499
Change in future income tax rates	-	(4,701)
Difference in foreign income tax rates	(11,294)	
Change in unrecognized deferred income tax assets	630,942	166,092
Income tax provision	237,589	-

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19. INCOME TAXES (continued)

The significant components of deferred income tax assets and liabilities as at March 31, 2019, are as follows:

	2019	2018
	\$	\$
Deferred income tax assets (liabilities)		
Non-capital loss carried forward	950,998	79,429
Capital assets	(2,965,502)	
Intangible assets	(40,747)	
Share issuance costs	193,246	86,662
Total gross deferred income tax assets (liabilities)	(1,862,007)	166,092
Unrecognized deferred income tax assets	(797,034)	(166,092)
Net deferred income tax assets (liabilities)	(2,659,041)	-

As at March 31, 2019, the Company has Canadian a non-capital loss carried forward of \$2,236,254 (2018 -\$197,766), which are available to offset future years' taxable income and expires in 2039.

20. SUBSEQUENT EVENTS

1. On May 8, 2019, Greenfields achieved its milestones and 2,120,000 common shares were released from escrow (Note 9).
2. On April 1, 2019, the Company entered into a service agreement with Skyline Corporate Communications Group LLC ("Skyline"). The consideration for the services provided by Skyline to the Company consist of \$5,000 per month and 31,250 common shares at a deemed price of \$0.45 (CAD \$0.60) per common share.
3. On June 14, 2019, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures ("Debentures"), in the principal amount of \$757,235 (CAD \$1,010,000). The Debentures will mature on June 14, 2022, and bear interest at a rate equal to 8% per annum, payable, in cash or common shares of the Company. The principal and any accrued interest on the Debentures are convertible at the option of the holder into common shares at a price of \$0.49 (CAD \$0.65) per Share (the "Conversion Price"). Furthermore, on July 15, 2019, the Company amended the Conversion Price to \$0.38 (CAD \$0.50) and all terms remained the same.
4. On July 3, 2019, the Company entered into debt settlement agreements with two arms-length parties to settle an aggregate \$44,583 (CAD \$59,460) in debt. In settlement of the debt, the Company issued an aggregate of 145,025 common shares at a deemed price of \$0.31 (CAD \$0.41) per common share.