FUTURE FARM
TECHNOLOGIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED AUGUST 31, 2019 AND 2018

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FUTURE FARM TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	August 31 2019	February 28 2019
ASSETS		
Cash	$ 16,407	$ 69,397
Accounts receivable and other (Note 3)	468,167	748,669
Inventory (Note 4)	219,740	1,671,088
Biological assets (Note 5)	1,628,571	855,037
Total current assets	2,332,885	3,344,191
Accounts receivable and other (Note 3)	139,000	108,000
Derivative asset (Note 6)	18,877	276,549
Property, plant and equipment (Note 7)	4,315,777	4,115,155
Intangible assets (Note 8)	277,002	382,633
Joint arrangements (Note 9)	258,747	1,409,947
Goodwill (Note 10)	395,934	391,522
Total non-current assets	5,405,337	6,683,806
TOTAL ASSETS	$ 7,738,222	$ 10,027,997
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	$ 4,012,780	$ 1,955,832
Finance leases (Note 12)	180,565	119,327
Loans and borrowings (Note 13)	106,274	175,411
Convertible debentures - loan (Note 14)	2,472,809	1,686,670
Convertible debentures - derivative (Note 14)	143,486	2,053,920
Total current liabilities	6,915,914	5,991,160
Finance leases (Note 12)	151,889	138,027
Total non-current liabilities	151,889	138,027
Total liabilities	7,067,803	6,129,187
EQUITY		
Share capital (Note 15)	41,626,545	38,519,965
Commitment to issue securities (Note 15)	265,101	265,101
Equity reserves	9,157,521	9,157,521
Accumulated other comprehensive income	282,798	176,367
Deficit	(50,623,430)	(44,176,931)
	708,535	3,942,023
Non-controlling interests (Note 16)	(38,116)	(43,213)
Total equity	670,419	3,898,810
TOTAL LIABILITIES AND EQUITY	$ 7,738,222	$ 10,027,997

Nature of operations and ability to continue as a going concern (Note 1)
Contingencies and commitments (Note 21)
Event after reporting date (Note 23)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on October 30, 2019.

Approved on behalf of the Board of Directors

"William Gildea" **, Director** ***"Craig Stanley"*** **, Director**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FUTURE FARM TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended August 31 2019	Three months ended August 31 2018	Six months ended August 31 2019	Six months ended August 31 2018
Sales (Note 22)	$ 255,769	$ 775,051	$ 2,319,461	$ 2,079,800
Cost of goods sold	(90,738)	(459,781)	(897,338)	(1,175,286)
Gross profit, excluding fair value items	165,031	315,270	1,422,123	904,514
Realized fair value amounts included in inventory sold	279,512	-	(1,310,246)	-
Unrealized loss from change in value of biological assets (Note 5)	562,018	492,560	397,990	(6,551)
Gross profit	1,006,561	807,830	509,867	897,963
Advertising, promotion and public relations	(67,005)	(168,613)	(110,396)	(316,577)
Amortization (Notes 7 & 8)	(90,407)	(91,092)	(220,437)	(172,794)
Consulting and management fees (Note 17)	(525,599)	(605,664)	(1,252,982)	(1,396,951)
Office and miscellaneous	(598,208)	(783,275)	(727,232)	(1,065,709)
Professional fees (Note 17)	(184,957)	(365,279)	(281,839)	(930,410)
Project management	-	(9,078)	-	(9,078)
Rent and utilities (Note 17)	(30,369)	(9,563)	(59,848)	(18,538)
Share-based payments (Note 15)	-	(930,779)	(10,000)	(2,775,109)
Swap fees (Note 17)	(50,857)	-	(121,083)	(226,254)
Transfer agent and filing fees	(15,905)	(30,148)	(19,864)	(40,786)
Travel	(46,254)	(70,929)	(97,005)	(158,561)
Wages and benefits	-	(84,663)	-	(102,988)
Loss from operations before other items	(603,000)	(2,341,253)	(2,390,819)	(6,315,792)
Change in fair value of derivative assets (Note 6)	(81,926)	(150,187)	(257,672)	(150,187)
Equity loss from joint arrangements (Note 9)	(15,147)	(223,725)	(38,680)	(340,445)
Loss on disposal of joint arrangement (Note 9)	(715,835)	-	(715,835)	-
Accretion on finance leases (Note 12)	(14,090)	(627,648)	(29,946)	(1,083,302)
Finance charges on convertible debentures (Note 14)	(525,038)	-	(1,581,391)	-
Change in fair value of derivative liability (Note 14)	1,177,429	(4,283,706)	2,472,971	(1,636,134)
Loss on settlement of convertible debentures (Note 14)	-	-	(1,806,647)	-
Reciprocal fees on convertible debentures (Note 14)	(1,311,022)	-	(2,099,192)	-
Interest and other	(4,957)	(92,493)	(8,028)	(276,566)
Foreign exchange gain (loss)	6,094	4,433	13,837	(26,893)
Net loss	$ (2,087,492)	$ (7,714,579)	$ (6,441,402)	$ (9,829,319)
Net loss attributable to:				
Shareholders of the Company	$ (2,162,100)	$ (7,635,080)	$ (6,446,499)	$ (9,747,538)
Non-controlling interests	74,608	(79,499)	5,097	(81,781)
	$ (2,087,492)	$ (7,714,579)	$ (6,441,402)	$ (9,829,319)
Basic and diluted earnings per share for continuing operations	$ (0.01)	$ (0.06)	$ (0.04)	$ (0.08)
Weighted average number of shares outstanding - basic	167,300,254	126,104,001	160,989,500	120,978,429
Weighted average number of shares outstanding - diluted	167,300,254	126,104,001	160,989,500	120,978,429

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FUTURE FARM TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended August 31 2019	Three months ended August 31 2018	Six months ended August 31 2019	Six months ended August 31 2018
Net loss	$ (2,087,492)	$ (7,714,579)	$ (6,441,402)	$ (9,829,319)
Other comprehensive loss				
Items that may be reclassified subsequently to profit and loss:				
Foreign currency translation adjustment	(63,014)	35,068	106,431	110,909
Total comprehensive loss	$ (2,150,506)	$ (7,679,511)	$ (6,334,971)	$ (9,718,410)
Total comprehensive loss attributable to:				
Shareholders of the Company	(2,225,114)	$ (7,600,012)	$ (6,340,068)	$ (9,636,629)
Non-controlling interests	74,608	(79,499)	5,097	(81,781)
	$ (2,150,506)	$ (7,679,511)	$ (6,334,971)	$ (9,718,410)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FUTURE FARM TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars

	Number of shares	Share capital	Commitment to issue shares and warrants	Equity reserves	Accumulated OCI	Deficit	Non-controlling interests	**Total equity**
Balance as at February 28, 2019	145,261,704	$ 38,519,965	$ 265,101	$ 9,157,521	$ 176,367	$ (44,176,931)	$ (43,213)	$ 3,898,810
Shares issued for consulting services	50,000	10,000	-	-	-	-	-	10,000
Shares issued for convertible debentures	25,305,643	3,081,936	-	-	-	-	-	3,081,936
Shares issued pursuant to joint arrangement	195,256	14,644	-	-	-	-	-	14,644
Comprehensive loss for the period	-	-	-	-	106,431	(6,446,499)	5,097	(6,334,971)
Balance as at August 31, 2019	170,812,603	$ 41,626,545	$ 265,101	$ 9,157,521	$ 282,798	$ (50,623,430)	$ (38,116)	$ 670,419

	Number of shares	Share capital	Commitment to issue shares and warrants	Equity reserves	Accumulated OCI	Deficit	Non-controlling interests	**Total equity**
Balance as at February 28, 2018	111,835,933	$ 28,350,442	$ 265,101	$ 6,106,627	$ 65,617	$ (32,304,857)	$ 250,470	$ 2,733,400
Shares issued pursuant to joint arrangement	483,871	150,000	-	-	-	-	-	150,000
Shares issued for consulting services	2,925,514	1,813,819	-	-	-	-	-	1,813,819
Exercise of stock options	372,000	331,395	-	(160,394)	-	-	-	171,001
Exercise of share purchase warrants	1,876,557	515,447	-	(103,882)	-	-	-	411,565
Shares issued for convertible debentures	10,197,711	3,619,314	-	-	-	-	-	3,619,314
Share-based payments	-	-	-	921,590	-	-	-	921,590
Comprehensive loss for the period	-	-	-	-	110,909	(9,747,538)	(81,781)	(9,718,410)
Balance as at August 31, 2018	127,691,586	$ 34,780,417	$ 265,101	$ 6,763,941	$ 176,526	$ (42,052,395)	$ 168,689	$ 102,279

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FUTURE FARM TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six months ended August 31 2019	Six months ended August 31 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (6,441,402)	$ (9,829,319)
Items not affecting cash:		
Amortization	317,998	172,794
Share-based payments	10,000	2,775,109
Change in fair value of derivative asset	257,672	150,187
Equity loss from joint arragements	38,680	340,445
Loss on disposal of joint arrangement	715,835	-
Accretion on finance leases	29,946	-
Finance charges on convertible debentures	1,581,391	1,083,302
Change in fair value of convertible debenture - derivative	(2,472,971)	1,636,134
Loss on settlement of convertible debentures	1,806,647	-
Interest expense	93	-
Unrealized gain from change in value of biological assets	(397,990)	(6,551)
Unrealized foreign exchange effect	(57,452)	260,122
Change in non-cash working capital items (Note 18)	3,382,254	(35,366)
Net cash used in operating activities	(1,229,299)	(3,453,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of derivative asset	-	(2,348,889)
Acquisition of property, plant and equipment	(167,754)	(523,820)
Sale of joint arrangements	429,455	-
Investments in joint arragements	(18,126)	(121,780)
Net cash provided by (used in) investing activities	243,575	(2,994,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of debt	1,045,576	6,475,800
Exercise of stock options and share purchase warrants	-	542,866
Repayment of finance leases	(112,973)	(39,903)
Repayment of loan payable	-	(103,046)
Net cash provided by financing activities	932,603	6,875,717
Effect of exchange rate changes on cash	131	-
Change in cash	(52,990)	428,085
Cash, beginning of period	69,397	236,233
Cash, end of period	$ 16,407	$ 664,318

Supplemental disclosure with respect to cash flows (Note 18)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Future Farm Technologies Inc. (the "Company") was incorporated in the province of British Columbia, Canada on May 31, 1984. The Company is listed on the Canadian Securities Exchange (the "Exchange" or "CSE") under the symbol "FFT".

The Company's head office is located at 501 - 543 Granville Street, Vancouver, British Columbia, V6C 1X8. The Company is a Canadian company with interests throughout North America, including California, Massachusetts, Florida, Maine, Puerto Rico, Rhode Island, and Newfoundland. The Company's mission is to advance sustainable agriculture through indoor plant growth technology and through the production of wholesale and retail cannabis products, including hemp.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of August 31, 2019, the Company has incurred losses and generated negative cash flows from operations and had working capital deficiency of $4,583,029 (February 28, 2019 - $2,646,968). The Company's ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary financing to continue operations, and ultimately the attainment of profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates used in preparing these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended February 28, 2019, except for the adoption of new accounting standards described below.

The Company has reclassified certain immaterial items on the comparative condensed consolidated interim statement of financial position and the condensed consolidated interim statement of comprehensive income to conform with current period's presentation.

Accounting standard adopted during the period

Adoption of IFRS 16 Leases

Effective March 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on March 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of ROU assets and interest on lease liabilities in the consolidated statement of income; and (c) separates the total amount of cash paid into principal and interest portions in the consolidated statement of cash flows.

(Unaudited - Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standard adopted during the period

Adoption of IFRS 16 Leases

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company, as a lessee, has recognized $153,357 within lease obligations representing its obligation to make lease payments. ROU assets of the same amount were recognized within property, plant and equipment, representing its right to use the underlying assets. The weighted average incremental borrowing rate applied to the lease liabilities on March 1, 2019 was 15%.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application and lease liabilities recognized on the consolidated statement of financial position at the date of initial application:

		As at March 1 2019
Operating lease as at February 28, 2019	$	547,873
Leases with lease term of 12 months or less and low value assets		(361,359)
Effect from discounting at the incremental borrowing rate		(33,157)
Lease liabilities due to initial application of IFRS 16 as at March 1, 2019	$	153,357

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of income on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property, plant and equipment, and the lease liability is presented in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss.

(Unaudited - Expressed in Canadian Dollars)

3. ACCOUNTS RECEIVABLES AND OTHER

		August 31 2019		February 28 2019
Trade receivables		319,131	$	625,381
GST recoverable		19,098		56,807
Advances and note receivable		1,464,753		1,433,753
Allowance for doubtful accounts		(1,325,753)		(1,325,753)
Prepaid expenses and deposits		129,938		66,481
Ending balance		607,167		856,669
Less: current portion		(468,167)		(748,669)
Long term portion	$	139,000	$	108,000

As at August 31, 2019, the Company has advanced $139,000 (February 28, 2019 - $108,000) to an associated company payable by June 2020.

In March 2018, the Company entered into a convertible promissory note agreement with BCWC, LLC ("BCWC") for US$5,003,100 with scheduled advances over a six-month period. The promissory notes carry an interest rate of 0% with no repayments until the earlier of May 2019 or the mandatory conversion event, upon which the principal balance will be converted into 510,000 membership units in BCWC. The mandatory conversion will be triggered should BCWC receive a dispensary certificate from the Massachusetts state regulators. In addition, BCWC has an option to extend the maturity date up to November 2019, during which the interest rate will be increased by 1% per annum. In the event of the default by the Company, BCWC is entitled to retain the initial advance and the remaining advances is considered to be a zero-interest loan from the Company to BCWC. As at February 28, 2019, the Company has advanced a total of $1,701,860 or US$1,325,000 to BCWC and been deemed to be in default due to three missed scheduled advances. As a result, the Company recognized a loss equal to the initial advance of $376,107 or US$325,000 and an allowance for the remaining receivable of $1,325,753 or US$1,000,000 as at February 28, 2019.

4. INVENTORY

		August 31 2019		February 28 2019
Hemp seeds and biomass	$	131,858	$	1,524,648
LED finished goods		47,951		52,565
Supplies		39,931		93,875
	$	219,740	$	1,671,088

For the six months ended August 31, 2019, the Company recorded an impairment of $139,421 (2018 - $Nil) related to its hemp seeds inventory.

5. BIOLOGICAL ASSETS

		August 31 2019		February 28 2019
Opening balance	$	855,037	$	801,091
Assets purchased and production costs incurred		1,051,809		3,297,588
Costs attributed to the sale of biological assets		(676,265)		(2,817,137)
Changes in fair value less costs to sell		397,990		1,098,143
Transfer to inventories upon harvest		-		(1,524,648)
Ending balance	$	1,628,571	$	855,037

The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The inputs and assumptions used in determining the fair value of biological assets include:

a) wastage of plants based on their various stages of biological transformation;
b) duration of the production cycle;
c) percentage of costs incurred at various stages of the biological transformation compared to the total costs are used to estimate the fair value of each type of biological asset; and
d) fair value less cost to sell at the point when ready to sell.

(Unaudited - Expressed in Canadian Dollars)

5. BIOLOGICAL ASSETS (continued)

The Company estimates the production cycle for the ornamental plants at various stages of growth. As of the reporting date, it is expected that the Company's ornamental plants will take approximately 10 to 12 weeks to grow. The Company's hemp related biological assets will approximately 20 to 22 weeks to grow. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The Company's ornamental plants are sold to wholesale customers as immature plants. Because they are sold prior to being harvested, they remain biological assets while owned by the Company. As of August 31, 2019, the biological assets in Florida were on average 50% through the growing time needed to be sold. The Company's biological assets in Maine are harvested into hemp biomass and hemp seeds. Upon harvest, they are transferred into inventory.

6. DERIVATIVE ASSET

In May 2018, the Company acquired an ownership interest in YLK Partners NV ("YLK Partners") for $647,029 or US$500,000. YLK Partners held a contract to manage a licensed medical marijuana cultivation and processing facility being developed in Arizona. In May 2018, the Company sold its interest in YLK Partners to Solis Tek, Inc. ("Solis Tek") in exchange for 500,000 share purchase warrants of Solis Tek exercisable at $0.01 per share for five years. As at August 31, 2019, the Company estimated the fair value of these warrants of Generation Alpha, Inc. (formerly "Solis Tek") to be $18,877 (February 28, 2019 - $276,549).

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Furniture and fixtures	Total
Costs					
As at February 28, 2019	$ 936,385	$ 2,607,305	$ 691,431	$ 93,730	$ 4,328,851
Initial adoption of IFRS 16	-	153,357	-	-	153,357
Additions	-	167,754	-	-	167,754
Currency translation adjustments	23,184	70,342	264	-	93,790
As at August 31, 2019	$ 959,569	$ 2,998,758	$ 691,695	$ 93,730	$ 4,743,752
Accumulated amortization					
As at February 28, 2019	$ -	$ 66,702	$ 130,808	$ 16,187	$ 213,697
Amortization	-	55,641	148,420	10,125	214,186
Currency translation adjustments	-	44	48	-	92
As at August 31, 2019	$ -	$ 122,387	$ 279,276	$ 26,312	$ 427,975
Net book value					
As at February 28, 2019	$ 936,385	$ 2,540,603	$ 560,623	$ 77,543	$ 4,115,154
As at August 31, 2019	$ 959,569	$ 2,876,371	$ 412,419	$ 67,418	$ 4,315,777

The Company leases real estate property that was previously classified as operating lease sunder IAS 17. For this lease, the carrying amount at March 1, 2019 of the right-of-use asset of $153,357 and of the lease obligation of $153,357 under IFRS 16.

(Unaudited - Expressed in Canadian Dollars)

8. INTANGIBLE ASSETS

		Customer relationship
Costs		
As at February 28, 2019	$	596,768
Currency translation adjustments		26,487
As at August 31, 2019	$	623,255
Accumulated amortization		
As at February 28, 2019	$	214,135
Amortization		103,812
Currency translation adjustments		28,306
As at August 31, 2019	$	346,253
Net book value		
As at February 28, 2019	$	382,633
As at August 31, 2019	$	277,002

Customer relationship

In January 2018, the Company acquired a 100% interest in White Sand, which included customer relationship valued at $585,943, at the time of the acquisition.

9. JOINT ARRANGEMENTS

		CEPG		FFPR		Total
As at February 28, 2019	$	263,235	$	1,146,712	$	1,409,947
Additions		14,644		18,126		32,770
Derecognition		-		(1,145,290)		(1,145,290)
Loss attributable to the Company		(19,132)		(19,548)		(38,680)
As at August 31, 2019	$	258,747	$	-	$	258,747

CEPG Consulting and Design Inc.

In August 2018, the Company acquired a 50% interest in CEPG Consulting and Design Inc. ("CEPG"), a Canadian corporation located in St. John's, Newfoundland for $121,780 and 483,871 commons shares, with a fair value of $150,000. In July 2019, the Company issued 195,256 common shares, valued at $14,644, in connection to the purchase agreement. The Company has the ability to appoint two of the four directors to the board of CEPG and shares joint control of financial and operating decisions.

FFPR, LLC

In February 2018, the Company acquired a 40% interest in FFPR, LLC ("FFPR"), a Puerto Rican company, for $1,088,022 or US$865,000 from TCG Investments, LLC and an individual (collectively, "TCG"). TCG has committed to contribute their five pre-qualifications for medical dispensary licenses into FFPR. The Company owned 40% of the share capital but had 50% economic interest in profits and losses of FFPR. In August 2019, the Company sold its ownership and economic interests with a carrying amount of $1,145,290 for $429,455 or US$325,000, resulting in a loss of $715,835.

(Unaudited - Expressed in Canadian Dollars)

9. JOINT ARRANGEMENTS (continued)

Summarized aggregate financial information of joint arrangements is as follow:

For the six months ended August 31, 2019		CEPG		FFPR
Current assets	$	9,121	$	-
Non-current assets		237,774		-
Liabilities		193,299		-
Revenue		-		-
Loss for the period		(38,264)		(39,096)
The Company's ownership/interest %		50%		0%
The Company's share of loss for the period	$	(19,132)	$	(19,548)

10. GOODWILL

In January 2018, the Company acquired a 100% interest in White Sand, which included goodwill, valued at $340,455, at the time of the acquisition. During the six months ended August 31, 2019, the Company recognized a currency translation adjustment of $4,412 (2018 - $Nil).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		August 31 2019		February 28 2019
Trade payables	$	1,287,872	$	1,311,763
Accrued liabilities		1,908,929		111,080
Due to related parties (Note 18)		815,979		532,989
	$	4,012,780	$	1,955,832

12. FINANCE LEASES

		August 31 2019		February 28 2019
Opening balance	$	257,354	$	169,957
Initial adoption of IFRS 16		153,357		-
Additions		-		148,326
Accretion expense		29,946		42,345
Lease payments		(112,973)		(110,919)
Currency translation adjustments		4,770		7,645
Ending balance		332,454		257,354
Less: current portion		(180,565)		(119,327)
Long term portion	$	151,889	$	138,027

In December 2018, the Company amended its lease agreement with Haymart LLC ("Haymart") for 100 acres of land in Maine, where the lease payment has been reduced to US$50,000 from US$100,000 per annum. This lease agreement has a four-year term commenced in January 2018.

In August 2017, the Company entered into a Master Lease Agreement (the "Master Lease") with Veterans Capital Corp. for an equipment lease facility of up to $629,525 or US$500,000, which will be secured by the Company's extraction equipment and lab processing equipment. The term of the facility is three years from each delivery and has a monthly lease rental payment based on a monthly lease rate factor of 3.4718% of the capital cost. The Company has the option to purchase all but not less than all of the equipment under the Master Lease for the fair market value at the time of exercise, which shall not exceed 20% of the capital costs. Pursuant to the Master Lease, the Company paid a one-time commitment fee of $10,069 or US$8,000 and issued 1,250,000 share purchase warrants exercisable at $0.20 per share for five years, valued at $166,064. As it was uncertain that the Company will execute the full facility, the commitment fee and the fair value of share purchase warrants were expensed during the year ended February 28, 2018.

(Unaudited - Expressed in Canadian Dollars)

12. FINANCE LEASES (continued)

As at August 31, 2019, the Company had two arrangements under the Master Lease:

a) in August 2017, the Company entered into a lease arrangement for certain equipment with an initial fair value of $199,593 or US$160,929. The lease terms included implicit rate of 14% and monthly payments of US$5,500 for three years; and
b) in September 2018, the Company entered into a lease arrangement for certain equipment with an initial fair value of $148,326 or US$114,040. The lease terms included implicit rate of 17% and monthly payments of US$4,129 for three years.

Future minimum lease payments as at August 31 and February 28, 2019 are as follows:

		August 31 2019		February 28 2019
Not later than one year	$	220,463	$	152,122
Later than one year and not later than fiv e years		167,583		153,964
Total minimum lease payments		388,046		306,086
Future finance charges at implicit rate		(55,592)		(48,732)
Balance of unpaid obligations	$	332,454	$	257,354

13. LOANS AND BORROWING

		August 31 2019		February 28 2019
Opening balance	$	175,411	$	902,107
Additions		118,336		148,963
Interest expense		93		867
Repayments		(187,669)		(103,046)
Exercised option to return land		-		(773,489)
Currency translation adjustments		103		9
Ending balance	$	106,274	$	175,411

During the year ended February 28, 2019, the Company entered into a number of promissory note agreements with a third-party for aggregate amount of $148,963 or US$112,030 carrying interest of 2.57% per annum and payable on January 31, 2020. During the three months ended August 31, 2019, the Company entered into an additional promissory note agreement with and made repayment towards the same party.

In December 2014, the Company entered into a loan agreement with Abattis Bioceuticals Corp. for $131,482 or US$100,000 with an interest rate of 0% per annum for sixty days and an arrangement fee of US$20,000. As at February 28, 2019, the Company repaid the principal balance in full, but the $25,581 or US$20,000 arrangement fee payment remained outstanding and currently in default. The Company settled the arrangement fee in April 2019 on a payment plan through October 2019.

In February 2017, the Company acquired three parcels of land in Florida, which included the assumption of the outstanding mortgages of $851,885, on these parcels of land at the time of acquisition. The mortgages bore interest at 4.5% per annum and have maturity dates through to May 2, 2029. The purchase agreement also granted the following options: (a) if at any time up to five years from the acquisition date (the "Expiration Date"), the Company has been unable to obtain a Florida State license to cultivate cannabis it has the right to return the land parcels to the vendor, who will agree to an assumption of the existing mortgages on which the principal and accrued interest outstanding is not to exceed the total amount as of the date of acquisition and the Company will have no further obligation or payment due; or (b) if the Company is unable to obtain a Florida State license to cultivate cannabis, the vendor will have 180 days from the Expiration Date, within which to exercise the option to retake ownership of the property and assume the existing mortgages, on which the principal and accrued interest outstanding is not to exceed US$850,000. In March 2018, the Company exercised its option to return the land parcels (Note 8) and for the vendor to assume the existing mortgages.

14. CONVERTIBLE DEBENTURES

For the six months ended August 31, 2019	Loan	Derivative	**Total**
Opening balance	$ 1,686,670	$ 2,053,920	$ 3,740,590
Additions, net of refinancing	1,432,441	1,625,176	3,057,616
Finance charges	1,581,391	-	1,581,391
Fair value adjustment on derivative component	-	(2,609,032)	(2,609,032)
Conversion to common shares	(2,155,358)	(926,578)	(3,081,936)
Currency translation adjustments	(72,335)	-	(72,335)
Ending balance	$ 2,472,809	$ 143,486	$ 2,616,295

As at August 31 and February 28, 2019, all of the Company's outstanding convertible debentures were denominated in US dollars and is convertible into a variable number of the Company's common shares which are listed in Canadian dollars. As a result, the conversion feature is considered to be a derivative liability.

In connection to the Company's outstanding convertible debentures, in the month immediately preceding the settlement date, if the proceeds received from sale of the common shares of the Company from the conversion of the debentures or exercise of the share purchase warrants ("Proceeds") is less than 117% of the conversion price times the number of conversion shares sold by the holder ("Base Proceeds"), the Company will pay the holder the difference between the Proceeds and Base Proceeds. If the Proceeds are greater than the Base Proceeds, the holder will pay the Company 50% of the difference between the Proceeds and Base Proceeds. As at August 31, 2019, the Company accrued $1,735,749 (February 28, 2019 - $363,443 receivable) of fees payable to the holder and recognized a loss of $2,099,192 (2018 - $Nil) for the period then ended.

Debenture 10

In May 2019, the Company completed a secured convertible debenture offering of US$400,000 ("Debenture 10"). Debenture 10 matures in twelve months bearing interest at 8% per annum payable at maturity and convertible into common shares of the Company at the option of the holder at $0.14 per share. As at August 31, 2019, the Company had outstanding principal and accrued interest balances of US$400,000 and US$9,293, (February 28, 2019 - US$Nil and US$Nil) respectively. In addition, the Company incurred financing costs of US$12,000.

Debentures 9 (formerly Debenture 5, and formerly Debenture 2)

In December 2017, the Company completed a secured convertible debenture offering of US$1,660,000 ("Debenture 2"). Debenture 2 was to mature in eighteen months bearing interest at 8% per annum payable at maturity and convertible into common shares of the Company at the option of the holder at $0.60 per share. In addition, the Company incurred financing costs of $105,000 and issued 1,459,212 share purchase warrants to the holder.

In November 2018, the Company and the holder agreed to refinance the outstanding balance of Debenture 2 (being US$1,777,155, including accrued and unpaid interest) ("Debenture 5"). Effective on the amendment date, Debenture 5 was to mature in twelve months bearing interest at 8% per annum payable at maturity and is convertible into common shares of the Company at the option of the holder at $0.255 per share.

In May 2019, the Company and the holder agreed to refinance the outstanding balance of Debenture 5 (being US$1,851,163, including accrued and unpaid interest) ("Debenture 9"). Effective on the amendment date, Debenture 9 matures in twelve months bearing interest at 8% per annum payable at maturity and is convertible into common shares of the Company at the option of the holder at $0.14 per share.

For the three months ended August 31, 2019, the holder elected to convert $500,362 of the outstanding balance into 4,000,000 common shares of the Company. As at August 31, 2019, the Company had outstanding principal and accrued interest balances of US$1,439,066 and US$25,864 (February 28, 2019 - US$Nil and US$Nil), respectively.

Debenture 8

In March 2019, the Company completed a secured convertible debenture offering of US$500,000 ("Debenture 8"). Debenture 8 matures in twelve months bearing interest at 8% per annum payable at maturity and convertible into common shares of the Company at the option of the holder at $0.16 per share. As at August 31, 2019, the Company had outstanding principal and accrued interest balances of US$500,000 and US$18,521, (February 28, 2019 - US$Nil and US$Nil) respectively. In addition, the Company incurred financing costs of US$35,000.

14. CONVERTIBLE DEBENTURES (continued)

Debenture 7

In March 2019, the Company and the holder agreed to refinance US$696,197 of the total outstanding balance of Debenture 6 ("Debenture 7"). Effective on the amendment date, Debenture 7 matures in twelve months bearing interest at 8% per annum payable at maturity and is convertible into common shares of the Company at the option of the holder at $0.16 per share.

For the six months ended August 31, 2019, the holder elected to convert $710,780 of the outstanding balance into 5,819,922 common shares of the Company. As at August 31, 2019, the Company had no outstanding principal and accrued interest balances related to Debenture 7.

Debenture 6

In November 2018, the Company completed a secured convertible debenture offering of US$1,340,000 ("Debenture 6"). Debenture 6 matures in twelve months bearing interest at 8% per annum payable at maturity and is convertible into common shares of the Company at the option of the holder at $0.255 per share. In addition, the Company issued 3,200,000 share purchase warrants to the holder and incurred financing costs of $79,405 or US$60,200.

Prior to the refinancing in March 2019, the holder elected to convert $535,500 or US$403,981of the outstanding balance into 2,100,000 common shares of the Company.

In March 2019, the Company and the holder agreed to refinance a portion the outstanding balance of Debenture 6. As at August 31, 2019, the Company had outstanding principal and accrued interest balances of US$259,998 and US$16,926, (February 28, 2019 - US$1,777,155 and US$43,236) respectively.

Debenture 4 (formerly Debenture 3)

In March 2018, the Company completed a secured convertible debenture offering of US$4,000,000 ("Debenture 3"). Debenture 3 was to mature in eighteen months bearing interest at 8% per annum payable at maturity and convertible into common shares of the Company at the option of the holder at $0.58 per share. In addition, the Company issued 7,421,150 share purchase warrants to the holder and incurred financing costs of $180,752 or US$140,000.

Prior to the refinancing in August 2018, the holder elected to convert $1,164,072 or US$903,292 of the outstanding balance into 2,000,000 common shares of the Company.

In August 2018, the Company and the holder agreed to refinance the outstanding balance of Debenture 3 (being US$3,202,423, including accrued and unpaid interest), while adding an additional US$1,000,000 to the aggregate refinancing amount ("Debenture 4"). Effective on the amendment date, Debenture 4 matures in twelve months bearing interest at 8% per annum payable at maturity and is convertible into common shares of the Company at the option of the holder at $0.20 per share. In addition, the Company incurred financing costs of $65,150 or US$50,000, issued 13,000,000 share purchase warrants to the holder, and cancelled the 7,421,150 share purchase warrants originally issued in March 2018. The replacement share purchase warrants are exercisable at $0.24 per share for three years.

For the year ended February 28, 2019, the holder elected to convert $2,764,982 of the outstanding balance into 13,824,908 common shares of the Company. As at February 28, 2019, the Company had outstanding principal and accrued interest balances of US$2,250,000 and US$13,808, respectively.

For the six months ended August 31, 2019, the elected to convert $1,870,794 of the outstanding balance into 15,485,721 common shares of the Company. As at August 31, 2019, the Company had no outstanding principal and accrued interest balances related to Debenture 4.

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL

Authorized

As at August 31, 2019, the authorized share capital of the Company was an unlimited number of common shares without par value.

Issued capital

During the six months ended August 31, 2019, the Company issued:

a) 50,000 common shares, valued at $10,000 to a consultant as a share-based payment;
b) 195,256 common shares, valued at $14,644, pursuant to CEPG;
c) 5,819,922 common shares, valued at $710,780, as partial redemption of Debenture 7 in July 2019;
d) 4,000,000 common shares, valued at $500,362, as partial redemption of Debenture 9 in June 2019;
e) 6,940,836 common shares, valued at $781,224, as final redemption of Debenture 4 in April 2019;
f) 3,392,721 common shares, valued at $394,340, as partial redemption of Debenture 4 in April 2019; and
g) 5,152,164 common shares, valued at $695,230, as partial redemption of Debenture 4 in March 2019.

Stock options

There were no changes in stock options for the six months ended August 31, 2019. The following table summarizes the stock options outstanding and exercisable as at August 31, 2019:

Grant date	Exercise price		Expiry date	Number outstanding	Number exercisable
Oct 07, 2016	$	0.310	Oct 07, 2021	2,150,000	2,150,000
Mar 08, 2017	$	0.420	Mar 08, 2022	500,000	500,000
Aug 23, 2017	$	0.195	Aug 23, 2022	500,000	500,000
Feb 08, 2018	$	0.960	Feb 08, 2023	281,250	281,250
Jun 06, 2018	$	0.500	Jun 06, 2023	928,000	928,000
Jun 12, 2018	$	0.450	Jun 12, 2023	700,000	700,000
Sep 21, 2018	$	0.395	Sep 21, 2023	4,625,000	4,625,000
Jan 30, 2019	$	0.240	Jan 30, 2024	300,000	300,000
Total				9,984,250	9,984,250

As at August 31, 2019, the weighted average remaining life of the outstanding stock options was 3.45 years (February 28, 2019 - 3.96 years).

Share purchase warrants

There were no changes in share purchase warrants for the six months ended August 31, 2019. The following table summarizes the share purchase warrants outstanding as at August 31, 2019:

Issue date	Exercise price		Expiry date	Number outstanding
Dec 21, 2017	$	0.40	Dec 21, 2020	5,000,000
Aug 09, 2018	$	0.24	Aug 09, 2021	13,000,000
Nov 09, 2018	$	0.34	Nov 09, 2021	3,200,000
Aug 04, 2017	$	0.20	Aug 04, 2022	537,500
Dec 21, 2017	$	0.88	Dec 21, 2022	356,104
Sep 20, 2018	$	0.38	Sep 20, 2023	1,250,000
Total				23,343,604

As at August 31, 2019, the weighted average remaining life of the outstanding share purchase warrants was 1.97 years (February 28, 2019 - 2.47 years).

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

Share-based payments

During the six months ended August 31, 2019, the Company recognized $10,000 in share-based payments, which included 50,000 common shares issued to a consultant.

During the six months ended August 31, 2018, the Company recognized $2,775,109 in share-based payments, which included:

a) 2,925,514 common shares issued for consulting services in connection with BCWC; and
b) 20,421,150 stock options granted to directors, officers, employees, and consultants of the Company.

16. NON-CONTROLLING INTERESTS

Summarized financial information about TerraCity, FFM Consulting Services, and Future Farm Maine, LLC as at August 31 and February 28, 2019 is as follows:

For the six months ended August 31, 2019	TerraCity	FFM Consulting	FF Maine
Current assets	$ -	$ -	$ 1,154,339
Non-current assets	-	53,474	244,972
Total liabilities	(109,876)	-	-
Revenue	-	-	-
Net and comprehensive income (loss)	(1,283)	(17,265)	44,357
Share of income (loss) attributable to non-controlling interests	$ (321)	$ (3,453)	$ 8,871

For the year ended February 28, 2019	TerraCity	FFM Consulting	FF Maine
Current assets	$ -	$ 1,117	$ 1,543,304
Non-current assets	-	62,952	283,524
Total liabilities	(123,121)	-	-
Revenue	-	-	621
Net and comprehensive income (loss)	(1,458,216)	(27,604)	381,960
Share of loss attributable to non-controlling interests	$ (364,554)	$ (5,521)	$ 76,392

17. RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions relating to key management personnel and related parties were as follows:

	Six months ended August 31 2019	Six months ended August 31 2018
Management fees	$ 200,783	$ 123,960
Consulting fees	259,912	120,088
Project management	-	186,243
Professional fees	-	8,303
Rent and utilities	8,400	-
Swap fees	121,083	152,411
	$ 590,178	$ 591,005

During the six months ended August 31, 2019, the Company entered into swap fee agreements with the CEO of the Company, in which they agreed to exchange 5,950,000 free trading common shares of the Company with holders of 5,950,000 restricted shares of the Company. Aggregate swap fees of $121,083 were paid or accrued and recognized in the profit or loss.

(Unaudited - Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd…)

Amounts due to related parties as at August 31 and February 28, 2019 are as follows:

		August 31 2019		February 28 2019
Due to TerraSphere	$	97,450	$	97,540
Due to CEO of the Company		166,089		91,342
Due to companies controlled by management/directors of the Company		552,440		311,407
	$	815,979	$	500,289

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Change in non-cash working capital items

		Six months ended August 31 2019		Six months ended August 31 2018
Accounts receivables and other	$	249,502	$	4,730
Inventory		1,451,348		(86,025)
Biological assets		(375,544)		(168,360)
Accounts payable and accrued liabilities		2,056,948		214,289
	$	3,382,254	$	(35,366)

Significant non-cash investing and financing activities

During the six months ended August 31, 2019, the Company:

a) issued 15,485,721 common shares, valued at $1,870,794, on the conversion and settlement of convertible debentures and accrued interest; and
b) issued 19,256 common shares, valued at $14,644, in connection to the purchase agreement of CEPG (Note 9).

During the six months ended August 31, 2018, the Company:

a) issued 10,197,711 common shares, valued at $3,619,314, on the conversion and settlement of convertible debentures and accrued interest;
b) issued 483,871 common shares, valued at $150,000 in connection to the purchase agreement of CEPG;
c) allocated $1,400,000 of assets held-for-sale to investment in an associated company;
d) returned land and associated mortgage payable valued at $773,489 respectively; and
e) reallocated $264,276 from reserve to share capital for exercise of stock options and share purchase warrants.

19. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, and acquire or dispose of assets. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the LED lighting and vertical farming markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the six months ended August 31, 2019. The Company is not subject to any external capital requirements.

20. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's financial instruments as at August 31 and February 28, 2019 are summarized as follows

	August 31 2019	February 28 2019
Financial assets		
Amortized cost:		
Cash	$ 16,407	$ 69,397
Trade receivable and other, net	458,131	733,381
Fair value through profit or loss:		
Derivative asset	18,877	276,549
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabiltiies	4,012,780	1,955,832
Loans and borrowings	106,274	175,411
Convertible debentures - loan	2,472,809	1,686,670
Fair value through profit or loss:		
Convertible debentures - derivative	$ 143,486	$ 2,053,920

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

	Level 1	Level 2	Level 3	**Total**
Financial assets				
Derivative asset	$ -	$ 18,877	$ -	$ 18,877
Financial liabilities				
Convertible debentures - derivative	$ -	$ -	$ 143,486	$ 143,486

The fair value of the derivative component of the convertible debentures was estimated using the Black-Scholes option pricing model using historical volatility as an estimate of future volatility.

The fair value of cash, trade receivables, accounts payable and accrued liabilities, and loans and borrowings approximate fair value due to the short-term nature of the financial instruments.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy. The carrying amounts of current financial instruments are a reasonable estimate of their fair values because of their current nature.

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions and receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company's cash is primarily held with a major Canadian bank.

Currency risk

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure but has no hedge positions.

20. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The majority of the Company's accounts payable and accrued liabilities are payable in less than ninety days. The Company prepares annual budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing.

Interest rate risk

Interest rate risk mainly arises from the Company's cash, which receives interest based on market interest rates. Fluctuations in cash flows due to changes in market interest rates are negligible.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company is involved in various legal claims and legal actions in the ordinary course of business. The claims were initiated by the Company's former landlord and lender. As at August 31 and February 28, 2019, a litigation provision of $46,080 for the claims was recorded in accrued liabilities (Note 11).

Commitments

In March 2019, the Company entered into a lease agreement with Washington High LLC for premises in Dedham, MA. The lease has a one-year term commencing March 2019 for $3,040 per month.

In January 2018, the Company renewed a lease agreement with Baywood Nurseries Company, Inc. for premises in Orange County, Florida. The original lease commenced in January 2017 for one year with an option to renew for one additional year. The renewed lease has a one-year term commenced in January 2018 for US$30,000 per annum.

In January 2018, the Company entered into a lease agreement with 248 Northport LLC for premises in Belfast, Maine. The lease has a two-year term commenced in February 2018 for US$42,120 per annum.

In June 2016, the Company entered into a consulting services agreement with CBO, who will assist the Company in securing "New Market Tax Credits" of up to $6,000,000. A director of the Company is the CEO of CBO. In connection with their services, the Company will pay CBO a closing fee equal to 6% of the tax credit and incur on-going management fees equal to 0.5% of the tax credit for the following 7 years.

As at August 31, 2019, the total remaining operating lease commitment were $60,531 (February 28, 2019 - $547,873).

In May 2016, the Company entered into a management contract with the CEO of the Company. Subject to the terms of the agreement, if the contract is terminated without cause, the CEO will be entitled to cash severance of US$180,000, plus an advance for one year's rent on the CEO's current apartment.

(Unaudited - Expressed in Canadian Dollars)

22. SEGMENTED INFORMATION

The Company has three reportable segments arising from its different product lines, being that of (a) indoor plant growth technology specializing in LED lighting and vertical farming solutions primarily based in Canada and the United States, (b) sale of biomass, seeds, and oil including from hemp, and (c) the operation of an ornamental plant greenhouse. Capital assets are located primarily in the United States. Revenues by product line are as follows:

For the six months ended August 31, 2019		Revenue		Cost of goods sold		Unrealized changes in FV		Gross profit
Nursery plants	$	1,120,813	$	(676,265)	$	410,628	$	855,176
LED lighting		6,995		(4,614)		-		2,381
Biomass, seeds, and oil from hemp		1,191,653		(1,526,705)		(12,638)		(347,690)
	$	2,319,461	$	(2,207,584)	$	397,990	$	509,867

For the six months ended August 31, 2018		Revenue		Cost of goods sold		Unrealized changes in FV		Gross profit
Nursery plants	$	2,065,413	$	(1,163,266)	$	(6,551)	$	895,596
LED lighting		14,387		(12,020)		-		2,367
	$	2,079,800	$	(1,175,286)	$	(6,551)	$	897,963

For the six months ended August 31, 2019, one (2018 - Nil) customer represented more than 10% of the Company's sales.

23. EVENT AFTER REPORTING DATE

Subsequent to August 31, 2019, the Company granted 5,932,000 stock options exercisable at $0.065 per share for five years to directors, officers, employees, and consultants of the Company.