



**NETCOINS HOLDINGS INC.
(FORMERLY GAR LIMITED)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Netcoins Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Netcoins Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss and comprehensive loss, changes of shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Auditor's 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 consolidated 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 2 in the consolidated financial statements, which indicates that the Company incurred significant losses from operations of \$22,147,564 and negative cash flows from operating activities of \$2,031,435 during the year ended December 31, 2018 and, as of that date, the Company had an accumulated deficit of \$22,263,455. As stated in Note 2, these events or conditions 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. The other information comprises Management's Discussion and Analysis.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 audit. 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 audits.

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 audit resulting in this independent auditor's report is Andrea M. Brown.

Vancouver, British Columbia

April 30, 2019

MNP LLP
Chartered Professional Accountants

MNP LLP



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	\$ 5,598,712	\$ 761,071
Trade and other receivables (Note 8)	196,140	142,876
Cryptocurrency inventory (Note 10)	38,708	17,072
Prepaid expenses (Note 9)	38,775	-
	5,872,335	921,019
Property, plant and equipment (Note 11)	106,476	-
Total Assets	\$ 5,978,811	\$ 921,019
LIABILITIES AND SHARHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	\$ 373,787	\$ 344,222
Deferred revenue	426,895	25,000
Due to related party (Note 23)	-	138,700
Convertible debenture (Note 13)	-	493,139
	800,681	1,001,061
Non-Current Liabilities		
Deferred income taxes	36,465	-
Total Liabilities	837,146	1,001,061
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	22,203,190	1
Contributed Surplus	760,511	-
Reserves	4,441,419	35,848
Deficit	(22,263,455)	(115,891)
	5,141,665	(80,042)
	\$ 5,978,811	\$ 921,019

Going concern (Note 2)
Subsequent events (Note 24)

Approved on behalf of the Board of Directors

/s/ Mark Binns
Mark Binns,
Director

/s/ Desmond Balakrishnan
Desmond Balakrishnan,
Director



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
REVENUE		
Cryptocurrency sales	\$ 58,357,238	\$ 14,133,570
Cryptocurrency purchases (Note 10)	(57,557,297)	(13,556,257)
Gross Profit	799,941	577,313
Consulting revenues	-	16,320
Listing revenues	178,089	-
NET REVENUE	978,030	593,633
OPERATING EXPENSES		
Marketing and advertising	978,251	-
Consulting fees (Note 23)	515,106	-
Depreciation (Note 11)	34,788	-
Office and administrative	1,784,215	647,273
Legal and professional fees (Note 23)	372,969	-
Listing expense (Note 6)	16,121,221	-
Share-based payments (Note 16)	3,142,079	-
Transfer agent and regulatory fees	34,460	-
Travel	88,094	-
Operating Expenses	23,071,183	647,273
OTHER EXPENSES		
Interest expense	(6,756)	(28,987)
Foreign exchange gain (loss)		
- Realized	(126,176)	(9,261)
- Unrealized	192,241	-
- Unrealized fair value gain on cryptocurrency inventory	(92,274)	-
Other income	15,019	-
LOSS BEFORE INCOME TAXES	(22,111,099)	(91,888)
TAXES		
Deferred tax expense	36,465	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (22,147,564)	\$ (91,888)
Basic and diluted loss per share (Note 22)	\$ (0.23)	\$ (91.89)
Weighted average number of shares outstanding (basic and diluted) (Note 22)	96,013,759	1,000

The accompanying notes are integral to these financial statements



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

		Year ended December 31, 2018		Year ended December 31, 2017
Cash Flows from (used in) Operating Activities				
Net loss	\$	(22,147,564)	\$	(91,888)
Adjustments for items not affecting cash				
Depreciation expense (Note 11)		34,788		-
Interest expense		6,756		28,987
Share-based payments (Note 16)		3,142,119		-
Listing expense		16,121,221		-
Unrealized fair value gain on cryptocurrency inventory		(92,274)		-
Deferred tax		36,465		-
		(2,898,489)		(62,901)
Changes in non-cash working capital:				
Cryptocurrency inventory		70,638		(17,072)
Trade and other receivables		442,201		(135,504)
Prepaid expenses		388,606		-
Trade and other payables		(297,586)		365,073
Due to related party		(138,700)		-
Customer deposits		401,895		-
		(2,031,435)		149,596
Cash Flows from Investing Activities				
Purchase of property, plant and equipment (Note 11)		(141,264)		-
Reverse takeover of GAR Limited		5,742,999		-
		5,601,735		-
Cash Flows from Financing Activities				
Proceeds from convertible debenture		-		500,000
Proceeds from warrant exercises (Note 14)		1,522,005		-
Share issuance cost		(254,663)		85,821
		1,267,342		585,821
Changes in cash during the year		4,837,641		735,417
Cash and cash equivalents – Beginning of year		761,071		25,654
Cash and cash equivalents – End of year	\$	5,598,712	\$	761,071

Supplemental Information (Note 20)



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF CHANGES OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

(Expressed in Canadian Dollars, except number of shares)

	Common Shares		Contributed Surplus	Reserves	Deficit	Total
	Number of Shares	Amount				
Balance – December 31, 2016	1,000	\$ 1	\$ -	\$ -	\$ (24,003)	\$ (24,002)
Equity portion of convertible debenture	-	-	-	35,848	-	35,848
Net loss and comprehensive loss	-	-	-	-	(91,888)	(91,888)
Balance – December 31, 2017	1,000	\$ 1	\$ -	\$ 35,848	\$ (115,891)	\$ (80,042)
Net loss for the year	-	-	-	-	(22,147,564)	(22,147,564)
Shares issued for:						
Conversion of convertible debentures (Note 14)	25,000,000	535,848	-	(35,848)	-	500,000
Exercise of warrants (Note 14)	27,720,049	1,522,005	760,511	(760,511)	-	1,522,005
Restricted share units (Note 14)	1,000,000	150,000	-	61,813	-	211,813
Vendors' shares (Note 6)	2,857,143	1,000,000	-	-	-	1,000,000
Reverse acquisition (Note 6)	58,837,419	17,500,000	-	2,209,852	-	19,709,852
Finders' fee shares (Note 14)	5,000,000	1,750,000	-	-	-	1,750,000
Netcoins Class A shares exchanged (Note 6)	(1,000)	(1)	-	-	-	(1)
Issuance of stock options (Note 16)	-	-	-	2,930,265	-	2,930,265
Share issuance cost	-	(254,663)	-	-	-	(254,663)
Balance – December 31, 2018	120,414,611	\$ 22,203,190	\$ 760,511	\$ 4,441,419	\$ (22,263,455)	\$ 5,141,665

The accompanying notes are integral to these financial statements



**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

(Expressed in Canadian Dollars, except per share amounts)

1. General Information

Netcoins Holdings Inc. (formerly GAR Limited) (“GAR” or the “Company”) was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

GAR is a public company which is listed on the Canadian Securities Exchange (“CSE”) under the symbol “NETC”. The Company’s head office is 1199 West Pender Street, Suite 410, Vancouver, BC, V6E 2R1, and registered and records office is located 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

Reverse Takeover

On March 9, 2018, the Company completed the acquisition of Netcoins Inc. (“Netcoins”), a private British Columbia corporation incorporated on July 8, 2014. Netcoins develops and markets software that enable the efficient purchasing of Bitcoin and uses its software to purchase and sell Bitcoin to customers. The Company acquired all of the issued and outstanding shares of Netcoins under a share purchase agreement (the “Reverse Takeover Transaction”, the “Transaction”, or the “RTO”). In connection to the Transaction, the Company is doing business under the business name “Netcoins Holdings Inc.” and operating the primary business of Netcoins.

On the closing of the RTO, Netcoins became a wholly-owned subsidiary of the Company. As Netcoins is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 8, 2014 are included in the consolidated financial statements at their historical carrying value.

The Company’s results of operations are included from March 9, 2018 onwards, the closing date. Please refer to the Reverse Acquisition (Note 6) for more details.

2. Nature of Operations and Going Concern

These consolidated financial statements have been prepared by management on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. To date, the Company has not attained profitable operations.

For the year ended December 31, 2018, the Company incurred a net loss of \$22,147,564, a working capital surplus of \$5,071,654 and has an accumulated deficit of \$22,263,455. The Company’s ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and to generate funds therefrom. If the Company is unable to generate sufficient revenue from cryptocurrency sales, it will cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

3. Basis of Preparation

a. Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below

3. Basis of Preparation (continued)

a. *Statement of Compliance (continued)*

These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2019.

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b. *Functional and Presentation Currency*

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity is in Canadian dollars.

c. *Basis of Consolidation*

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated for all dates presented within these consolidated financial statements:

Subsidiary	Ownership	Location	Functional Currency
Netcoins Inc.	100%	Canada	CAD
NTC Holdings Corp.	100%	Canada	CAD
NTC Holdings USA Corp.	100%	USA	CAD

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

4. Significant Accounting Policies

(i) *Cash and Cash Equivalents*

Cash and cash equivalents consists of amounts held in current bank accounts and amounts on deposit with fiat to Bitcoin exchanges used in daily transactions.

(ii) *Revenue Recognition*

IFRS 15 provides a comprehensive five-step revenue recognition model for all contracts with customers. IFRS 15 replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The IFRS 15 revenue recognition model requires the Company to exercise significant judgment and make estimates that affect revenue recognition. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard was effective January 1, 2018 and has been adopted by Company with no impact to the consolidated statement of comprehensive loss.

4. Significant Accounting Policies (continued)

(ii) Revenue Recognition (continued)

Revenue from cryptocurrency sale transactions are recognized based on the gross proceeds received from the customer or receivable from vendors acting on behalf of the Company. Revenue is recognized at the time of transfer of control over the cryptocurrency, which is when the cryptocurrency is credited to the customer's virtual wallet. Proceeds collected by vendors on behalf of the Company are typically settled within 1 to 15 days.

Consulting and listing revenues are recognized monthly or annually from companies wanting to list their digital asset on the Company's platform when performance obligation is satisfied, based on the agreed upon invoiced amount.

(iii) Cryptocurrency Inventory

Cryptocurrencies held for sale in the ordinary course of business are measured at fair value determined by reference to quoted prices published by bitcoin exchange brokers, with charges in fair value recorded in profit or loss.

(iv) Cost of Sales

Cryptocurrency purchases are measured based on the price paid by the Company in fiat to purchase cryptocurrency from cryptocurrency exchanges.

(v) Convertible Debentures

Convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is subsequently measured at amortized cost, using the effective interest rate method, until extinguished upon conversion, maturity or a normal course issuer bid. The carrying value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the liability component is allocated to the equity component.

(vi) Property, Plant and Equipment

Equipment is measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to bring an asset to productive use at its intended location. Additions are depreciated commencing in the month that they are available for use. The cost of repairs and maintenance is expensed as incurred.

Depreciation is provided on a straight-line method over the estimated useful lives of assets. Upon sale or disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations. Equipment is depreciated over 3 years.

Leasehold improvements are depreciated on a straight-line method over the term of the lease, which is 3 years.

An asset's depreciation method, useful life and residual value are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

4. Significant Accounting Policies (continued)

(vii) Impairment of Non-Financial Assets

The Company performs impairment tests on its long-lived assets, including property, plant and equipment when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using fair value less costs of disposal calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

(viii) Share-Based Payments

Share-based payments to officers, directors and consultants are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed in profit or loss. The corresponding amount is recorded to reserves. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

When the terms of a share-based payment are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

(ix) Related Party 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. Parties are also considered to be related if they are subject to common control. 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.

4. Significant Accounting Policies (continued)

(x) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(xi) Foreign Currency Translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the consolidated statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains or losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

4. Significant Accounting Policies (continued)

(xi) Foreign Currency Translation (continued)

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

(xii) Fair Value Measurement

Where fair value is used to measure assets and liabilities in preparing these financial statements, it is estimated at the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined from inputs that are classified within the fair value hierarchy defined under IFRS as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the asset or liability that are unobservable

(xiii) Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9, Financial Instruments ("IFRS 9"), replacing IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), and related interpretations. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company implemented the new requirements for classification and measurement, impairment and hedging on January 1, 2018, retrospectively with no restatement of comparative periods.

IFRS 9 sets out a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the objective of the business model used to manage the financial assets changes, in such an event, the classification of financial assets would be reassessed. Financial liabilities are not reclassified.

Financial liabilities are classified as either FVTPL or at amortized cost, and the portion of the change in fair value that relates to the Company's credit risk is presented in other comprehensive loss. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Financial liabilities at amortized costs are subsequently measured at amortized cost using the effective interest method.

4. Significant Accounting Policies (continued)

(xiii) Financial Instruments (continued)

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the Company transfers substantially all risks and rewards of ownership or the contractual rights to the cash flows expire. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

(xiv) Fair Value Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acts in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(xv) Impairment of Financial Assets

Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Non-Financial Assets

Other long-lived assets are reviewed each reporting period for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators exist, an impairment test is performed.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal ("FVLCD") and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows or CGUs.

4. Significant Accounting Policies (continued)

(xv) Impairment of Financial Assets (continued)

Non-Financial Assets (continued)

Value in use is determined as the present value of the future cash flows expected to be derived from an asset. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. FVLCD is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Non-financial assets other than goodwill impaired in prior periods are reviewed for possible reversal of the impairment when events or changes in circumstances indicate that they are no longer impaired.

(xvi) Share Capital

The Company's ordinary common shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares, warrants and stock options, net of any tax effects, are recognized as a deduction from equity.

(xvii) Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(xviii) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(xix) Segment Reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment.

4. Significant Accounting Policies (continued)

(xx) Standards and Amendments Issued but not yet Adopted

IFRS 16, Leases (“IFRS 16”)

In January 2016, IASB released IFRS 16 to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard will be effective on January 1, 2019. Under the new standard, the Company will recognize new right-of-use assets and lease liabilities for its operating leases. In addition, the nature and timing of leasing expenses will change as operating lease expenses are replaced by a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Lease expense on certain short-term leases and/or low value leases will be expensed on a straight-line basis and recorded to profit or loss.

The Company does not expect IFRS 16 to have a significant change to the statement of financial position.

No other IFRS or IFRIC pronouncements that are not yet effective would be expected to have a material impact on the Company.

5. Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

Areas of judgement

(i) Revenue Recognition

In recognizing revenue, the Company determines if it acts as a principal in executing transactions with third parties, judgment is required to determine if the Company is acting as the principal or an agent in order to determine if revenue should be recognized on a gross or net basis for cryptocurrency sales and purchases.

(ii) Going Concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will be able to continue as a going concern. Further disclosure is included in Note 2.

(iii) Deferred Tax Asset

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Management applies judgment in determining the likelihood of future taxable profits.

5. Critical Accounting Estimates and Judgements (continued)

Assumptions and critical estimates

(i) Determination of Fair Values

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

(ii) Depreciation of Property, Plant and Equipment

Depreciation of equipment and leasehold improvements is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of market and economic factors.

(iii) Fair Value of Digital Assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com.

Management considers this fair value to be a level two input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from www.coinmarketcap.com at the reporting period. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the digital assets.

(iv) Tax Assets and Liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rate as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

6. Reverse Acquisition

On March 9, 2018, pursuant to the terms of the share purchase agreement (the "Agreement") the Company and Netcoins completed an amalgamation, whereby the Company acquired all of the issued and outstanding share capital of Netcoins, being 52,857,143 common shares, as a means by which the Company will attain a public listing of its common shares.

Pursuant to the Share Purchase Agreement:

- In consideration for the acquisition of all of the Class A Shares, GAR (i) paid to the Class A shareholders pro rata in proportion to their holdings of Netcoins Class A Shares, an aggregate of \$4,000,000, and (ii) issued from treasury to the Class A shareholders pro rata in proportion to their holdings of Class A shares, an aggregate of 2,857,143 common shares at a deemed price of \$0.35 per share in the equity of GAR, free and clear of any encumbrances.
- In consideration for the acquisition of the Netcoins Class B shares, GAR issued from treasury to the Class B shareholders one common share in the equity of GAR for each Netcoins Class B share held, free and clear of any encumbrances for a total of 50,000,000 Class B shares.
- At the time of closing of the Transaction, each of the holders of Class B Warrants disposed of their respective right to acquire Netcoins Class B shares under the outstanding Class B Warrants held by such warrant holders at that time and those outstanding Class B Warrants were deemed immediately cancelled. In consideration for the disposition by a Class B Warrant holder of each right to acquire one Netcoins Class B share pursuant to a Class B Warrant, the Class B Warrant holder received the right to acquire one common share of GAR (each a "Replacement Warrant" and collectively, the "Replacement Warrants"), rounded down to the nearest whole number of common shares. The exercise price under each Replacement Warrant equaled to the exercise price of the particular Class B Warrant that was cancelled in consideration for such Replacement Warrant.
- As a result of the Transaction, GAR issued an aggregate of 52,857,143 GAR common shares to Netcoins shareholders. At the completion of the Transaction, 116,694,562 GAR common shares were outstanding.
- At the closing Transaction, the shareholders of Netcoins hold 45.3% of GAR. Accordingly, Netcoins is considered to have acquired GAR with the transaction being accounted for as a reverse takeover of GAR by Netcoins shareholders (the "RTO").

The acquisition constitutes an asset acquisition as the Company did not meet the definition of a business, as defined in IFRS 3, Business Combinations. Additionally, as a result of the RTO, the statement of financial position has been adjusted for the elimination of the Company share capital, contributed surplus and accumulated deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of \$16,121,221 has been recorded. This reflects the difference between the estimated fair value of Netcoins shares deemed to have been issued to the Company's shareholders less the fair value of the net assets of the Company's acquired.

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

6. Reverse Acquisition (continued)

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price	
52,837,143 common shares of GAR Limited	\$ 18,500,000
8,798,842 warrants of GAR Limited	2,209,852
5,000,000 finders' fee shares	1,750,000
Cash payment	4,000,000
Total Purchase Price	\$ 26,459,852
Allocation of Purchase Price	
Cash	9,742,999
Prepaid expenses and other current assets	922,782
Accounts payables and accrued liabilities	(327,150)
Listing expense	16,121,221
	\$ 26,459,852

7. Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash held with banks	\$ 5,376,788	\$ 530,340
Cash on deposit with fiat to cryptocurrency exchanges	221,924	230,731
	\$ 5,598,712	\$ 761,071

8. Trade and Other Receivables

	December 31, 2018	December 31, 2017
Cryptocurrency sales	\$ 32,356	\$ 97,196
Other receivables	163,784	45,680
	\$ 196,140	\$ 142,876

As at December 31, 2018 and December 31, 2017, the Company's trade receivables are current and no allowances for doubtful accounts were considered necessary.

9. Prepaid Expenses

	December 31, 2018	December 31, 2017
Deposits	\$ 6,989	-
Prepaid expenses	31,786	-
	\$ 38,775	-



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars, except per share amounts)

10. Cryptocurrency Inventory

	December 31, 2018		December 31, 2017	
Autonio	\$	52	\$	-
Bitcoins		26,214		17,072
Cloakcoins		13		-
Elastos		6		-
EOS		39		-
Ethereum		5,824		-
Komodo		51		-
Litecoin		852		-
Myraid		1		-
ParetoS		3,973		-
Peerplays		4		-
Steem		3		-
NioStellar		29		-
XRP		1,647		-
	\$	38,708	\$	17,072

During the year ended December 31, 2018, the total cost of cryptocurrency inventory sold was \$57,557,297.

11. Property, Plant and Equipment

	Equipment		Leasehold Improvements		Total
As at December 31, 2018					
Opening net book value	\$	-	\$	-	-
Additions		22,419		118,845	141,264
Depreciation		(4,884)		(29,904)	(34,788)
Closing net book value	\$	17,535	\$	88,941	\$ 106,476
As at December 31, 2017					
Cost	\$	22,419	\$	118,845	\$ 141,264
Accumulated depreciation		(4,884)		(29,904)	(34,788)
Closing net book value	\$	17,535	\$	88,941	\$ 106,476



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

12. Trade and Other Payables

	December 31, 2018	December 31, 2017
Goods and services tax (GST)	\$ -	\$ 13,472
Trade payables	373,787	330,750
	\$ 373,787	\$ 344,222

Trade and other payables comprise primarily of trade payables incurred in the normal course of business. Included in trade payables are amounts total \$92,484 (December 31, 2017 - \$nil) due to related parties (see note 23).

13. Convertible Debentures

	December 31 2018	December 31, 2017
Convertible debentures	\$ -	\$ 493,139
	\$ -	\$ 493,139

On October 13, 2017, the Company issued 25,000,000 convertible debenture units (the "Debenture Units") for gross proceeds of \$500,000. Each Debenture Unit is convertible into a unit of the Company (the "Netcoins Units") at a conversion price of \$0.02 per Debenture Unit. Each Netcoins Unit consists of one Class B share of the Company and one share purchase warrant to purchase one Class B share ("Class B Warrant"). Each Class B Warrant entitles the holder to acquire an additional Class B share at an exercise price of \$0.05 per share for a period of 3 years.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument required to assign a fair value to the debt with any residual amount recorded as equity. The conversion feature value has been determined to be \$35,848. The borrowing amount represents the debt element of the loan, without the conversion option, recorded at its amortized cost, using a discount rate of 28%, at December 31, 2017.

During the year ended December 31, 2018, Netcoins converted the convertible debenture into 25,000,000 Class B shares of Netcoins. In addition, 25,000,000 Class B Warrants were converted into Class B shares for gross proceeds of \$1,250,000. As part of the share purchase agreement, all Class B shares were exchanged for public company shares on closing of the RTO (see note 6). As at December 31, 2018, there are no convertible debentures outstanding.

14. Share Capital

a. Authorized Share Capital

The Company is authorized to issue unlimited number of common shares without par value. At December 31, 2018, the Company had 120,414,611 (December 31, 2017 - 1,000) common shares outstanding.

14. Share Capital (continued)

b. Issued Share Capital

During the year ended December 31, 2018, the Company issued common shares as follows:

- On October 26, 2018, 50,000 issued Restricted Share Units (“RSU”) shares were returned to treasury.
- On October 23, 2018, the Company issued 1,050,000 common shares to RSU holders upon the vesting of RSU.
- On October 9, 2018, the Company issued 1,000,000 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$100,000.
- On October 3, 2018, the Company issued 520,385 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$52,039.
- On August 7, 2018, the Company issued 262,500 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$26,250.
- On July 30, 2018, the Company issued 937,164 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$93,716.
- On March 9, 2018, 52,837,143 common shares of the Company were deemed to have been issued on completion of the RTO. The fair value of the 52,837,143 deemed to have issued (\$18,500,000) was determined using a fair value of \$0.35 per share.
- In connection with the closing of the RTO, the Company issued an aggregate of 5,000,000 common shares to an arms’ length third party as a finder’s fee. The fair value of services is \$1,750,000.
- In connection with the closing of the RTO, the Company issued 2,857,143 of common shares, at a value of \$1,000,000 or \$0.35 per share, to vendors of Netcoins.
- On January 30, 2018, the Company issued 25,000,000 Class B shares on conversion of the Debenture Units (see note 6). The Company also issued 25,000,000 Class B shares on exercise of Class B share purchase warrants for gross proceeds of \$1,250,000. In connection with the closing of the RTO, all Class B shares were exchanged for common shares of the Company.

During the year ended December 31, 2017, the Company did not issue any common shares.

c. Restricted Share Units

Pursuant to the Company’s fixed number restricted share unit (“RSU”) plan, the Company awarded a total of 2,100,000 RSU to certain directors, officers and employees in October 2018. 50% of the awarded RSU vested immediately and the remaining 50% will vest on April 17, 2019. The shares awarded pursuant to the RSU plan are equity settled and based on fair value at date of grant.

15. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

		Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2017	\$	-	-
Issuance of warrants on RTO (Note 6)	\$	0.10	7,000,000
Issuance of warrants on RTO (Note 6)	\$	0.35	1,798,556
Exercise of warrants (Note 14)	\$	0.10	(2,720,049)
Expiry of warrants	\$	0.35	(1,798,556)
Balance – December 31, 2018	\$	0.16	4,279,951

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued		Weighted Average Exercise Price
October 31, 2017	October 31, 2019	4,279,951	\$	0.10
		4,279,951	\$	0.10

On March 9, 2018, pursuant to the RTO all issued and outstanding share purchase warrants of 8,798,556 were cancelled and share purchase warrants of 8,798,556 were issued as replacements. Under IFRS 2 'Share-based payment', the cancellation and reissuance was considered a modification of the terms and conditions on which the equity instrument were granted. As such, the Company is required to recognize the effects of modification that increases the total fair value of the share-based payment arrangements or are otherwise beneficial to the option holders. The incremental fair value was \$2,209,852 for warrants in conjunction to the RTO.

The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.61% - 4.55%, an expected life of 1 to 2 years, an expected volatility of 201% - 204% and no expected dividends. The expected volatility was determined using the average historical volatility of similar entities that are publicly listed on the basis that the Company has limited historical information.

15. Stock Options

The Company adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

15. Stock Options (continued)

The changes in stock options outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – December 31, 2017	\$ -	-	\$ -
Stock options granted	\$ 0.32	11,660,000	-
Stock options forfeited	\$ 0.25	(185,000)	-
Stock options vested	\$ 0.33	-	2,930,265
Balance – December 31, 2018	\$ 0.32	11,475,000	\$ 2,930,265

In March 2018, the Company granted 9,770,000 stock options to employees, consultants, and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.35 per share and have vesting periods ranging from 0 to 2 years.

In May 2018, the Company granted 690,000 stock options to employees, consultants and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.25 per share and have vesting periods ranging from 0 to 2 years. 185,000 options were forfeited during the year.

In July 2018, the Company granted 1,200,000 stock options to employees and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.10 per share and have vesting periods ranging from 0 to 2 years.

The fair value of stock options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.41% - 2.11% per annum, an expected life of options of 5 years, an expected volatility of 120%, and no expected dividends.

Stock options outstanding and exercisable December 31, 2018 are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.35	9,770,000	4.20	\$0.35	4,885,000	\$0.35
\$0.25	505,000	4.36	\$0.25	270,000	\$0.25
\$0.10	1,200,000	4.52	\$0.10	300,000	\$0.10
	11,475,000	4.49	\$0.32	5,455,000	\$0.33



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

16. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss:

	December 31, 2018		December 31, 2017	
Loss before income tax	\$	(22,111,099)	\$	(91,888)
Statutory income tax rate		27%		15.88%
Expected income tax recovery		(5,969,997)		(14,950)
Non-deductible expenses		5,203,089		-
Change in estimate		28,823		
Change in enacted tax rate		(18,800)		(13,522)
Other		(58,431)		
Deferred tax asset not recognized		851,780		28,142
Total income tax expense	\$	36,464	\$	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary difference at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018		December 31, 2017	
Non-capital loss carry-forwards	\$	5,489,122	\$	63,295
Financing cost		668,219		
Exploration and evaluation assets		789,540		
Plant, property, equipment		20,662		
Other Items		(98,286)		
Total unrecognized temporary differences	\$	6,869,257	\$	63,295

As December 31, 2018, the Company has non-capital loss carry forwards of approximately \$5,489,122 (2017 - \$63,295).

		\$
Non-capital losses expire as follows:		
2036		93,879
2037		99,314
2038		5,295,929
		5,489,122

17. Capital Management

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned operations and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

18. Capital Management (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2018 and for the year ended December 31, 2017.

19. Financial Instruments

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are classified and measured as follows:

Category		December 31, 2018	December 31, 2017
Financial Assets			
Cash	Financial assets at amortized cost	\$ 5,598,712	\$ 761,071
Trade and other receivables	Financial assets at amortized cost	\$ 196,140	\$ 142,876
Financial Liabilities			
Trade and other payables	Financial liabilities at amortized cost	\$ 373,787	\$ 344,222
Convertible debenture	Financial liabilities at FVTPL	\$ -	\$ 493,139

The Company's risk management policies are established to identify, analyze and manage the risks faced by the Company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Company's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, market risk and currency risk. These risks, and the actions taken to manage them, include:

(a) Fair value

Due to the short-term nature of cash and cash equivalents, trade and other receivables, due on demand nature of trade and other payables, and market terms of convertible debentures and due to related party, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

Digital assets are measured using level two fair values, determined by taking the rate from www.coinmarketcap.com.

19. Financial Instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks, cash on deposit with fiat to cryptocurrency exchanges and from outstanding trade receivables. The Company minimizes credit risk associated with its cash balance substantially by dealing with financial institutions deemed to be reliable due to their history of operations. Credit risk associated with Bitcoin sale proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 or 15 days.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

(d) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to foreign currency risk through cash in banks and cash on deposit with fiat to cryptocurrency exchanges which are denominated in United States dollars (USD). As at December 31, 2018 the Company had \$5,376,788 in banks and \$221,904 on deposit with fiat to cryptocurrency exchanges. A 5% change in the value of Canadian dollar in comparison to USD would cause a change in net loss and comprehensive loss of approximately \$146,795.

(e) Price risk

The Company's net income or loss, and financial condition are subject to price risk due to fluctuations of the following:

Commodity Price Risk

The profitability of the Company's will be significantly affected by changes in prices of cryptocurrency. Cryptocurrency fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for crypto currency, investment decisions by large holders can all cause significant fluctuations in cryptocurrency prices. A 10% change in cryptocurrency prices would impact the Company's inventory by \$3,871 in 2018 (\$1,707 in 2017).

(f) Risk of digital assets

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its cryptocurrency inventory at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist of Autonio, Bitcoins, Cloakcoins, Elastos, EOS, Ethereum, Komodo, Litecoin, Myraid, Paretos, Peerplays, Steem, NioStellar, and XRP.



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

20. Supplemental Cash Flow Information

The Company did not make any cash payments and had no cash receipts for interest or income taxes during the year ended December 31, 2018 and 2017.

The acquisition of the GAR Limited (see note 6) is a non-cash transaction, whereby, 52,857,143 shares and 8,798,842 warrants at a price of \$0.35 per share is exchanged as consideration for the net assets.

21. Segmented Information

The Company's operates a single business unit of cryptocurrency sales via its virtual ATMs. The Company's primary business activities are located in Canada. All of the Company's assets, including head office, are located in Canada.

22. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for year ended December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Numerator		
Net loss for the year	\$ (22,147,564)	\$ (91,888)
Denominator		
Basic – weighted average number of shares outstanding	96,013,759	1,000
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of shares outstanding	96,013,759	1,000
Loss per share – basic and diluted	\$ (0.23)	\$ (91.89)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the year ended December 31, 2018 as the warrants and stock options were anti-dilutive since the Company was in a loss position.



NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars, except per share amounts)

23. Related Party Transactions

During the year ended December 31, 2018 and 2017, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

	December 31, 2018	December 31, 2017
Management	\$ 952,838	\$ -
Directors	273,377	-
	\$ 1,226,215	\$ -

During the year ended December 31, 2018, the Company also had share-based payments made to management and directors of \$1,333,338 (2017 - \$nil) and \$94,823 (2017 - \$nil) respectively.

During the year ended December 31, 2018, the Company purchased \$356,516 (2017 - \$nil) worth of bitcoins from a company with common management.

As at December 31, 2018 and December 31, 2017, the Company has the following amounts due to related parties:

	December 31, 2018	December 31, 2017
Accounts payable and accrued liabilities	\$ 92,484	\$ -
Due to related party	-	138,700
	\$ 92,484	\$ 138,700