

**MAPLE LEAF GREEN WORLD INC.**  
**(formerly Maple Leaf Reforestation Inc.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2013**  
(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

**Notice to Reader of the Unaudited Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2013**

The unaudited interim consolidated financial statements of Maple Leaf Green World Inc. (the “Company”) for the three and nine months ended September 30, 2013 (“Financial Statements”) have been prepared by management and have not been reviewed by the Company’s independent auditor. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2012 which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<b>2013</b>	2012	<b>2013</b>	2012
Revenue	\$ 13,395	\$ 50,504	\$ 23,818	\$ 354,236
Cost of sales	(13,288)	(45,006)	(24,742)	(270,881)
	<b>107</b>	5,498	<b>(924)</b>	83,355
<b>Expenses and other</b>				
Consulting fees	278	4,000	278	23,524
Depreciation and amortization	1,396	22,024	4,125	66,653
Filing and transfer agent	4,632	1,563	8,710	9,074
Interest and bank charges	12,687	11,047	36,780	28,832
Interest and other income	(6,715)	(3,619)	(20,324)	(15,000)
Management salaries	22,500	41,312	67,500	67,562
Meals and entertainment	2,513	2,767	5,144	8,293
Office	5,864	16,765	21,039	38,143
Professional fees	7,920	15,393	16,658	39,537
Rent	17,734	21,513	55,008	49,435
Salaries and wages	27,274	4,763	80,165	73,583
Shareholder information and promotion	485	3,389	2,285	10,523
Share-based compensation	-	-	-	9,854
Telephone	2,013	937	4,718	3,462
Travel and promotion	8,456	-	10,766	13,672
Change in biological assets	16,539	9,040	32,959	27,240
	<b>123,576</b>	150,894	<b>325,811</b>	454,387
<b>Loss for the period</b>	<b>(123,469)</b>	(145,396)	<b>(326,735)</b>	(371,032)
Unrealized exchange differences on translation of foreign operations	31,456	97,320	45,807	109,540
<b>Comprehensive Income (loss) for the period</b>	<b>\$ (92,013)</b>	\$ (48,076)	<b>\$ (280,928)</b>	\$ (261,492)
<b>Loss per share</b>				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>86,486,427</b>	84,186,427	<b>85,590,103</b>	83,563,543

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Interim Consolidated Statement of Financial Position**  
[Unaudited - Expressed in Canadian dollars]

	Note	September 30, 2013	December 31, 2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 810	\$ 12,226
Receivable and prepaids		12,203	15,490
Inventories	4	17,129	12,660
Biological assets	4	411,391	360,144
		<b>441,533</b>	400,520
<b>Non-current assets</b>			
Property, plant and equipment	5	436,805	488,297
Prepaid lease payment		107,016	101,729
		<b>543,821</b>	590,026
<b>Total assets</b>		<b>\$ 985,354</b>	\$ 990,546
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 573,358	\$ 419,982
Short term loans	6	103,254	104,339
Convertible debentures	7	209,236	141,366
Deposits		11,146	11,146
		<b>896,994</b>	676,833
<b>Total liabilities</b>		<b>896,994</b>	676,833
<b>Equity</b>			
Issued capital	8	8,570,889	8,515,314
Deficit		(13,099,811)	(12,773,076)
Other reserves		4,617,282	4,571,475
<b>Total equity</b>		<b>88,360</b>	313,713
<b>Total liabilities and equity</b>		<b>\$ 985,354</b>	\$ 990,546

Commitments (Note 14)

Contingency (Note 15)

APPROVED BY BOARD

(signed) Raymond Lai  
Director

(signed) Danniel Chu  
Director

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
[Unaudited - Expressed in Canadian dollars]

	Number of shares	Issued capital	Contributed surplus	Other Reserves		Deficit	Total equity
					Foreign currency translation reserve		
At January 1, 2013	84,186,427	\$ 8,515,314	\$ 4,519,742	\$	51,733	\$ (12,773,076)	\$ 313,713
Loss for the period	-	-	-		-	(326,735)	(326,735)
Other comprehensive income	-	-	-		45,807	-	45,807
Share subscription	2,300,000	55,575	-				55,575
<b>At September 30, 2013</b>	<b>86,486,427</b>	<b>\$ 8,570,889</b>	<b>\$ 4,519,742</b>	<b>\$</b>	<b>97,540</b>	<b>\$ (13,099,811)</b>	<b>\$ 88,360</b>

	Number of shares	Issued capital	Contributed surplus	Other Reserves		Deficit	Total equity
					Foreign currency translation reserve		
At February 1, 2012	80,682,875	8,344,136	4,509,888		(101,002)	(11,361,515)	1,391,507
Loss for the period	-	-	-		-	(371,032)	(371,032)
Other comprehensive income	-	-	-		109,540	-	109,540
Share-based payment transactions	903,552	45,178	9,854		-	-	55,032
Private placement, net of share issuance costs	2,600,000	126,000	-		-	-	126,000
At September 30, 2012	84,186,427	\$ 8,515,314	\$ 4,519,742	\$	8,538	\$ (11,732,547)	\$ 1,311,047

**MAPLE LEAF REFORESTATION INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
[Unaudited - Expressed in Canadian dollars]

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (123,469)	\$ (145,396)	\$ (326,735)	\$ (371,032)
Items not affecting cash:		-		
Depreciation and amortization	25,922	43,235	82,647	132,600
Accretion on convertible debentures	6,375	3,852	17,870	15,366
Accretion interest on short-term loans	1,559	-	4,827	-
Change in biological asset	16,539	(86,958)	32,959	(68,758)
Unrealized foreign exchange loss	(3,360)	134,503	9,365	146,723
Share-based compensation	-	-	-	9,854
	(76,434)	(50,764)	(179,067)	(135,247)
Non-cash working capital adjustments:				
Decrease (increase) in trade receivables and prepayment	(6,297)	53,849	3,287	52,272
Decrease (increase) in inventories	336	(3,522)	(4,469)	103,314
Decrease in biological assets	(10,148)	-	(84,206)	-
Increase (decrease) in deferred income	-	1,434	-	(42,545)
Deposits	1,570	-	-	859
Increase in trade and other payables	44,881	(55,079)	153,376	(116,186)
<b>Cash flow used in operating activities</b>	<b>(46,092)</b>	<b>(54,082)</b>	<b>(111,079)</b>	<b>(137,533)</b>
<b>INVESTING ACTIVITIES</b>				
Increase in land lease	-	-	-	(21,002)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,002)</b>
<b>FINANCING ACTIVITIES</b>				
Shares issued, net of share issuances costs	-	-	55,575	126,000
Funds from convertible debentures	-	-	50,000	-
Advanced from (repayment to) short term loan	38,982	21,174	(5,912)	21,174
<b>Net cash flows from in financing activities</b>	<b>38,982</b>	<b>21,174</b>	<b>99,663</b>	<b>147,174</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,110)</b>	<b>(32,908)</b>	<b>(11,416)</b>	<b>(11,361)</b>
Cash and cash equivalents, beginning of period	7,920	44,031	12,226	22,484
<b>Cash and cash equivalents, end of year</b>	<b>\$ 810</b>	<b>\$ 11,123</b>	<b>\$ 810</b>	<b>\$ 11,123</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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### 1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf"), is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol "MPE.V". The corporate office is located at 2916B 19 Street N.E., Calgary, Alberta, T2E 6Y9. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

Maple Leaf, along with its subsidiary in Inner Mongolia, the People's Republic of China ("China") (collectively, the "Company") is currently developing its eco-agriculture nursery business (reforestation operation). The Company is exploring opportunities for renewable energy businesses in China. To date, the Company has not generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception. Prior to January 31, 2011, the Company was devoting substantially all of its efforts to establishing businesses to grow and sell young tree seedlings, yellowhorn trees and alfalfa, and to produce and sell fertilizer in China. Effective January 31, 2011, through the termination of various management agreements, the Company discontinued its projects in feedstock and fertilizer operations.

These financial statements were approved by the Board of Directors of the Company on November 27, 2013.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012.

#### b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for derivative financial instruments, and financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these financial statements is presented in Canadian dollars, except as otherwise stated.

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2012, with the exception of the application of certain new and amended IFRSs issued by the ISAB, which were effective from January 1, 2013. Those new and revised IFRSs that had impacts on the Company's unaudited condensed interim financial statements are described in note 3 below.

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 4 to the Company's financial statements for the year ended December 31, 2012.

These financial statements have assumed 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, and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. However, the Company has not yet generated significant revenue to cover expenditures, and has incurred significant losses and negative cash flow from operations since its inception, and therefore, ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

### **c) Basis of consolidation**

These consolidated financial statements include the accounts of Maple Leaf and its wholly-owned subsidiary, Inner Mongolia Maple Leaf Forestry Co. Ltd. incorporated in China. All significant intercompany balances and transactions have been eliminated upon consolidation.

### **3. CHANGES IN ACCOUNTING POLICIES**

The Company has applied the following new and revised IFRSs in these unaudited condensed interim financial statements.

***IFRS 10, Consolidated Financial Statements***, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on apply the definition of control. The accounting requirements of consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.



# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

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**IFRS 13, Fair value measurement**, provides a single IFRS framework for measuring fair value and required disclosures about fair value measurement. The Standard defines fair value on the basis of exit price notion and use a fair value hierarchy, which results in a market-based, rather than entity-specific measurement. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company also adopted the amendments to **IAS 1, Presentation of Financial Statements**, effectively January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

#### 4. INVENTORY AND BIOLOGICAL ASSETS

Inventory consists of the following:

	September 30, 2013	December 31, 2012
Raw material and supplies	\$ 17,129	\$ 12,660

Information about the biological assets presented on the consolidated statements of financial position and in the consolidated statements of loss is as follows:

	Amount
Balance as at January 1, 2012	\$ 597,142
Increase due to capitalized costs	371,866
Loss arising from changes in fair value less cost to sell	(285,838)
Decrease due to sales	(323,026)
Balance as at December 31, 2012	360,144
Increase due to capitalized costs	108,948
Loss arising from changes in fair value less cost to sell	(32,959)
Decrease due to sales	(24,742)
<b>Balance as at September 30, 2013</b>	<b>\$ 411,391</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

### 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 40,676	\$ 18,602	\$ 12,638	\$ 4,185	\$ 1,925,668	\$ 2,001,769
Additions	-	-	-	-	-	-
Foreign translation impact	(416)	(219)	-	-	(22,641)	(23,276)
As at December 31, 2012	\$ 40,260	\$ 18,383	\$ 12,638	\$ 4,185	\$ 1,903,027	\$ 1,978,493
Foreign translation impact	1,820	955	-	-	62,176	64,951
<b>As at September 30, 2013</b>	<b>\$ 42,080</b>	<b>\$ 19,338</b>	<b>\$ 12,638</b>	<b>\$ 4,185</b>	<b>\$ 1,965,203</b>	<b>\$ 2,043,444</b>

Accumulated depreciation, depletion and amortization	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 13,428	\$ 9,766	\$ 11,501	\$ 837	\$ 760,046	\$ 795,578
Depreciation and amortization	2,757	3,282	275	906	170,594	177,814
Impairment	12,269	2,965	-	-	515,774	531,008
Foreign translation impact	(831)	(364)	-	-	(13,009)	(14,204)
As at December 31, 2012	\$ 27,623	\$ 15,649	\$ 11,776	\$ 1,743	\$ 1,433,405	\$ 1,490,196
Depreciation and amortization	2,174	2,581	242	679	76,971	82,647
Foreign translation impact	1,923	844	-	-	31,029	33,796
<b>As at September 30, 2013</b>	<b>\$ 31,720</b>	<b>\$ 19,074</b>	<b>\$ 12,018</b>	<b>\$ 2,422</b>	<b>\$ 1,541,405</b>	<b>\$ 1,606,639</b>

Net book value	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 27,248	\$ 8,836	\$ 1,137	\$ 3,348	\$ 1,165,622	\$ 1,206,191
As at January 1, 2013	12,637	2,734	862	2,442	469,622	488,297
<b>As at September 30, 2013</b>	<b>\$ 10,360</b>	<b>\$ 264</b>	<b>\$ 620</b>	<b>\$ 1,763</b>	<b>\$ 423,798</b>	<b>\$ 436,805</b>

### 6. SHORT-TERM LOANS

The Company advanced loans from officers and directors of the Company or individuals related to officers and directors of the Company for working capital expenditures. Such loans bear interest rates ranging from 10% to 13% per annum and payable upon demand.

Information about the changes of short term loans presented on the consolidated statements of financial position is as follows:

	Amount
Balance as at January 1, 2012	\$ 69,553
Net borrowing	29,346
Interest accrued	5,440
Balance as at December 31, 2012	104,339
Net repayments	(5,912)
Interest accrued	4,827
<b>Balance as at September 30, 2013</b>	<b>\$ 103,254</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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### 7. CONVERTIBLE DEBENTURES

In July 2010, the Company raised \$102,500 by issuing \$102,500 of convertible debentures bearing interest of 15% per annum and maturing July 30, 2012. The debentures are convertible into common shares of the Company using a conversion price of \$0.175 until maturity. In July 2012, the Company reached agreements with the debenture holders to extend the maturity date of the convertible debentures to July 30, 2013 and amended the conversion price to \$0.10 until maturity. The Company continues to accrue interest expense with respect to these convertible debentures until they are extinguished.

In March 2013, the Company issued \$50,000 convertible debenture to a third party. This debenture is for a term of six months and is convertible into common shares of the Company at any time during the term at a price of \$0.10 per common share. The debenture is bearing an interest rate of 10% per annum payable upon maturity.

During the three and nine months ended September 30, 2013, interest expenses of \$6,375 and \$17,870, respectively, (three and nine months ended September 30, 2012 - \$3,852 and \$15,366, respectively) were accrued and included into the carrying balance of the convertible debentures.

As at September 30, 2013, the carrying value and fair value of the convertible debentures were \$209,236 (December 31, 2012 - \$141,366).

### 8. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares without par value.

#### b) Private placements

On February 24, 2012, the Company completed a private placement to raise gross proceeds of \$130,000 by issuing 2,600,000 units at a subscription price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for five years from the date of closing at a price of \$0.10. In connection with this private placement, the Company paid finder's fee in the amount of \$4,000 to unrelated parties.

On February 6, 2012, the Company issued an aggregate of 903,552 common shares at a fair value of \$0.05 per share for legal services to a private company wholly-owned by a former director of the Company. The shares were issued to settle outstanding amounts payable from prior years.

In April 2013, the Company completed a non-broker private placement of 2,300,000 units for total gross proceeds of \$57,500. Each unit will consist of one common share and one common share purchase warrant, exercisable into one common share at \$0.05 per share for the first year and \$0.10 per share for the next four years. A finder's fee in the amount of \$1,925 was paid.

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

### c) Stock options

The following is a summary of option transactions:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2011	6,785,000	\$ 0.14
Options expired or cancelled	(3,450,000)	\$ 0.14
Balance, December 31, 2012	3,335,000	\$ 0.13
Options expired and cancelled	(2,785,000)	\$ 0.130
<b>Balance, September 30, 2013</b>	<b>550,000</b>	<b>\$ 0.125</b>

No options were granted during the three and nine months ended September 30, 2013 and during the year ended December 31, 2012. The Company recorded share-based payments of \$nil (three and nine months ended September 30, 2012 - \$nil and \$9,854, respectively) relating to prior period option grants.

The following table summarizes information about stock options outstanding at September 30, 2013:

Exercisable prices	Number of options outstanding	Expiry dates	Remaining contractual life	Number of exercisable at reporting date
\$ 0.125	450,000	January 18, 2014	0.30	450,000
\$ 0.125	100,000	July 29, 2014	0.83	100,000
<b>\$ 0.125</b>	<b>550,000</b>			<b>550,000</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

### d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2012	Issued during the period	exercised/expired during the period	Number of warrants outstanding as at December 31, 2012	Exercise price per warrant	Expiry date
1,000,000	-	(1,000,000)	-	\$ 0.250	March 24, 2012
2,187,500	-	(2,187,500)	-	\$ 0.200	August 9, 2012
2,350,000	-	(2,350,000)	-	\$ 0.125	September 7, 2012
7,645,588	-	-	7,645,588	\$ 0.125	February 14, 2013
684,458	-	-	684,458	\$ 0.085	February 14, 2013
	2,600,000	-	2,600,000	\$ 0.100	February 24, 2017
13,867,546	2,600,000	(5,537,500)	10,930,046		

Number of warrants outstanding as at January 1, 2013	Issued during the period	exercised/expired during the period	Number of warrants outstanding as at September 30, 2013	Exercise price per warrant *	Expiry date
7,645,588	-	(7,645,588)	-	\$ 0.125	February 14, 2013
684,458	-	(684,458)	-	\$ 0.085	February 14, 2013
2,600,000	-	-	2,600,000	\$ 0.100	February 24, 2017
-	2,300,000	-	2,300,000	\$ 0.050	April 8, 2018
10,930,046	2,300,000	(8,330,046)	4,900,000		

\* based on the exercise prices of the warrants at the balance sheet date

In April 2013, a total of 2,300,000 warrants were issued and each warrant is exercisable into one common share at \$0.05 per share for the first year and \$0.10 per share for the next four years.

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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### 9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed by the related parties. Related party transactions included short term loans from directors and officers, which are disclosed in Note 6, and the compensation to key management disclosed below.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Management fee, consulting fee, and wages	\$ 32,100	\$ 31,500	\$ 95,100	\$ 93,928
Stock base compensations	-	-	-	5,091
Total	\$ 32,597	\$ 31,500	\$ 95,100	\$ 99,019

As at September 30, 2013, a total of \$158,100 (December 31, 2012 - \$63,000) payable to key management remained outstanding and is included in trade and other payables on the consolidated statements of financial position. The Company did not pay any long-term or termination benefits to its key management personnel. The Company's employment agreement with an officer would entitle that officer to \$90,000 upon termination.

### 10. CAPITAL DISCLOSURES

The Company's objectives of capital management are to provide returns for shareholders, and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand the reforestation projects in China. Currently, there is no externally imposed capital requirement on the Company.

The capital of the Company consists of short term loans, convertible debentures and the items included in shareholders' equity. The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

### 11. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL, and trade payables are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

### **a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with major financial institutions. The Company's concentration of credit risk for cash and maximum exposure thereto is \$810 (December 31, 2012 - \$12,226).

### **b) Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At September 30, 2013, the Company only has \$810 cash (December 31, 2012 - \$12,226) to settle current liabilities with the following due dates: trade and other payables of \$573,358 (December 31, 2012 - \$419,982) are due within three months; convertible debentures of \$209,236 (December 31, 2012 - \$141,366) are due on demand; short-term loans of \$103,254 (December 31, 2012 - \$104,339) and deposits of \$11,146 (December 31, 2012 - \$11,146) are due on demand.

### **c) Market risk**

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

#### **(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable rates. Due to the short-term nature of this financial instrument, fluctuations in market rates of interest do not have a significant impact on the estimated fair value or future cash flows.

#### **(ii) Currency risk**

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in CAD. The Company does not manage currency risk through hedging or other currency management tools. The Company's exposure to currency risk is limited to the net investment in the subsidiary.

# MAPLE LEAF GREEN WORLD INC.

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As at September 30, 2013, with other variables unchanged, a 1% fluctuation of the RMB against the CAD would affect comprehensive income by approximately \$1,416 (December 31, 2012 - \$850).

### (iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

## 12. SIGNIFICANT CUSTOMERS

During the period ended September 30, 2013, the Company had three customers (same period last year – two) that each accounted for over 10% of revenue (same period last year – 10%), for a combined 96% of total revenues (same period last year – 51%).

## 13. SEGMENT INFORMATION

### a) Segments

Prior to January 31, 2011, the Company operates in three reportable segments in China, being in reforestation, feedstock and fertilizer industries, and in two geographic segments: Canada and China.

Upon the discontinuance of its feedstock and fertilizer operations, the Company only has one reportable segment, being the greenhouse eco-agriculture industry in China. Geographic segment information is summarized as follows:

### b) Segment operation information

The following is the summary of certain long-term assets and total assets of each geographic segment:

		Canada		China		Total
<b>As at September 30, 2013</b>						
Property, plant and equipment	\$	3,409	\$	433,396	\$	436,805
Prepaid lease payments	\$	-	\$	107,016	\$	107,016
<b>Total Assets</b>	<b>\$</b>	<b>8,405</b>	<b>\$</b>	<b>976,949</b>	<b>\$</b>	<b>985,354</b>
<b>As at December 31, 2012</b>						
Property, plant and equipment	\$	4,630	\$	483,667	\$	488,297
Prepaid lease payments, non-current portion	\$	-	\$	101,729	\$	101,729
<b>Total Assets</b>	<b>\$</b>	<b>32,346</b>	<b>\$</b>	<b>958,200</b>	<b>\$</b>	<b>990,546</b>



# MAPLE LEAF GREEN WORLD INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The following is a summary of operations for each segment:

	Three months ended September 30, 2013			Nine months ended September 30, 2013		
	Canada	China	Total	Canada	China	Total
Sales	\$ -	\$ 13,395	\$ 13,395	\$ -	\$ 23,818	\$ 23,818
Cost of sales	-	(13,288)	(13,288)	-	(24,742)	(24,742)
Gross profit	-	107	107	-	(924)	(924)
Expenses and other	(87,793)	(35,783)	(123,576)	(244,899)	(80,912)	(325,811)
Net loss	\$ (87,793)	\$ (35,676)	\$ (123,469)	\$ (244,899)	\$ (81,836)	\$ (326,735)

	Three months ended September 30, 2013			Nine months ended September 30, 2013		
	Canada	China	Total	Canada	China	Total
Sales	\$ -	\$ 50,504	\$ 50,504	\$ -	\$ 354,236	\$ 354,236
Cost of sales	-	(45,006)	(45,006)	-	(270,881)	(270,881)
Gross profit	-	5,498	5,498	-	83,355	83,355
Expenses and other	(96,628)	(54,266)	(150,894)	(303,981)	(150,406)	(454,387)
Net loss	\$ (96,628)	\$ (48,768)	\$ (145,396)	\$ (303,981)	\$ (67,051)	\$ (371,032)

## 14. COMMITMENTS

- a) On January 1, 2006, the Company entered into a land lease agreement in Inner Mongolia in China for a term of 50 years ending December 31, 2056. The Company is required to pay an aggregate of \$153,520 (RMB 950,000) for the whole lease term. The payments are to be made over the first 10 years and a summary of remaining payments are due as follows:

Year	Annual Payments
2013	\$12,928
2014	12,928
2015	3,232
Total	\$29,088

The annual lease expense is \$3,070, which is based on the aggregate value amortized over the 50-year period.

- b) The Company has a lease with respect to its Calgary head office. The lease is for a term of three years, from November 1, 2011 to October 31, 2014, and the remaining lease payment of \$48,282 over the remaining lease term is as follows:

Year	Annual Payments
2013	\$11,142
2014	37,140
Total	\$48,282

The Company has currently sub-leased some office space to offset the costs of the lease. Annual revenue from the sub-lease is estimated to be \$22,380.

# **MAPLE LEAF GREEN WORLD INC.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2013**

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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- c) The Company is committed to pay a management fee to an officer in the amount of \$90,000 annually.

### **15. CONTINGENCIES**

In 2011, the Company was in dispute with a former joint venture partner with respect to a previously planned joint project. The former joint venture partner claimed that the Company had breached its obligations pursuant to their previous joint venture agreement, and indicated that it would like to have the matter heard by an arbitrator. The former joint venture partner is seeking compensation of approximately \$75,000. Management of the Company is of the opinion that the former joint venture partner's claim has no merit and has not recorded any provision.

In October 2013, the Company received a statement of claim in the amount of \$33,621.80 against the Company from the Company's former auditor for the unpaid audit fee and additional charges related to a review by the Canadian Public Accountability Board. The Company has included the amount of the claim into accounts payable and accrued liabilities, but also filed a statement of defense and a counter claim.

### **16. COMPARATIVE AMOUNTS**

Certain prior period figures in the unaudited condensed interim consolidated of loss and comprehensive loss and the consolidated statements of cash flows have been reclassified to confirm to the current period's presentation.