NEW AGE FARM INC.
(formerly 0981624 B.C. LTD.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

(Expressed in Canadian dollars)

Index

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of New Age Farm Inc. (formerly 0981624 B.C. Ltd.) [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Carman Parente
Director

Vancouver, BC
November 29, 2014

NOTICE TO READERS

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements for the nine months period ended September 30, 2014 have not been reviewed by the Company's auditors.

New Age Farm Inc.
(formerly 0981624 B.C. Ltd.)
Unaudited Condensed Consolidated Interim Statements of Financial Position
(expressed in Canadian dollars)

	September 30, 2014	December 31, 2013
Current		
Cash	**$88,170**	$5,889
Due from shareholders	**15,321**	-
Due from related parties	**6,437**	-
Investment (Note 3)	**-**	-
	109,928	5,889
Property, plant and equipment (Note 4)	**1,261,561**	1,280,346
Property under development (Note 5)	**650,000**	650,000
Total assets	**$2,021,489**	$1,936,235
Current		
Accounts payable	**$ 1,579**	$6,355
Accrued liabilities	**300,000**	20,000
GST payable	**-**	-
Due to related parties (Note 6)	**-**	-
Due to shareholders (Note 6)	**-**	-
Current portion of mortgage (Note 7)	**17,547**	16,997
	319,126	43,352
Security deposit received	**7,000**	7,000
Promissory note (Note 12)	**-**	275,103
Secured loans (Note 11)	**854,759**	
Long term portion of mortgage (Note 7)	**662,195**	675,598
Total liabilities	**1,843,080**	1,001,053
Shareholders' equity (deficiency)		
Shares capital (Note 8)	**1,783,650**	2,004,783
Contributed surplus	**379,966**	75,424
Deficit, per accompanying statement	**(1,985,207)**	(1,145,025)
Total shareholders' equity (deficiency)	**178,409**	935,182
Total liabilities and shareholders' equity (deficiency)	**$2,021,489**	$1,936,235

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on November 29, 2014:

"Carman Parente"

Director – Carman Parente

"Anthony Chan"

Director – Anthony Chan

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

New Age Farm Inc.
(formerly 0981624 B.C. Ltd.)
Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Operations
(expressed in Canadian dollars)

	Nine Months Ended		Three Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenue				
Rent	$ 63,000	$ 28,000	$ 21,000	$ 21,000
Interest	4	74	2	63
Total revenue	63,004	28,074	21,002	21,063
Expenses				
Accretion expenses on loans payable	60,426	-	20,258	-
Amortization	18,784	17,550	6,260	5,850
Bank charges	473	276	232	24
Consulting fees	341,126	8,250	311,126	4,750
Insurance	10,293	12,815	6,251	4,830
Interest	22,161	22,488	7,269	7,428
Listing expenses - RTO	238,367	-	238,367	-
Office and miscellaneous	11,000	6,612	8,391	-
Professional fees	11,429	2,700	-	-
Property taxes	1,105	1,165	660	-
Shares based payments	87,600	-	87,600	
Transfer agent & filing fees	14,250	-	14,250	-
	817,014	71,856	700,664	22,882
Other expense				
Loss on extinguishment of notes payable & secured debts	86,172	-	-	-
Total expenses	903,186	71,856	700,664	22,882
Loss and comprehensive loss for the period	$ (840,182)	$ (43,782)	$ (679,662)	$ (1,819)
Loss per share	$ (0.020)	$ (4,378)	$ (0.020)	$ (182)
Weighted average number of shares outstanding	42,523,234	10	34,032,467	10

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

New Age Farm Inc.
(formerly 0981624 B.C. Ltd.)
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, December 31, 2012	**10**	**$ 1**	**$ -**	**$ (1,037,425)**	**$ (1,145,024)**
Loss for the period	-	-	-	(43,782)	43,782
Balance, September 30, 2013	10	1	-	(1,081,207)	(1,081,206)
Shares issued for debts settlements	66,826,081	2,004,782	-	-	2,004,782
Discount on promissory notes	-	-	75,424	-	75,424
Loss for the period	-	-	-	(63,818)	(63,818)
Balance, December 31, 2013	**66,826,091**	**2,004,783**	**75,424**	**$ (1,145,025)**	**$ 935,182**
Shares returned for cancellation	(41,666,667)	(1,250,000)	-	-	(1,250,000)
Shares issued for debts	2,000,000	60,000	-	-	60,000
Shares issued to settle secured debt	6,000,000	600,000	-	-	600,000
Shares issued for cash	1,255,000	125,500	-	-	125,500
Discount on secured loans	-	-	216,942	-	216,942
Fair value of stock options granted	-	-	87,600	-	87,600
Recognition of shares issued to New Age Farm shareholders	2,433,667	243,367	-	-	243,367
Loss for the period	-	-	-	(840,182)	(840,182)
Balance, September 30, 2014	**36,848,091**	$ **1,783,650**	**$ 379,966**	**$ (1,985,207)**	**$ 178,409**

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

New Age Farm Inc.
(formerly 0981624 B.C. Ltd.)
Unaudited Condensed Consolidated Interim Statements of Cash Flows
(expressed in Canadian dollars)

Six Months Period Ended	Nine Months Ended		Three Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Cash flows from (used in)				
Operating activities				
Net loss for the period	$ (840,182)	$ (43,782)	$ (679,662)	$ (1,819)
Items not affecting cash:				
Loss on extinguishment of notes payable	86,172	-	-	-
Accretion of interest	60,426	-	20,258	-
Amortization	18,784	17,550	6,261	5,850
Consulting fees settled into shares	60,000	-	-	-
Shares based payments	87,600		87,600	
Listing expenses - RTO	238,368	-	238,368	-
Changes in non-cash working capital items:				
GST receivables	(15,321)	-	(15,321)	-
Advance from tenant	-	20,153	-	(22,050)
Accounts payable and accrued liabilities	280,225	17,130	306,051	5,800
Net cash used in operating activities	(23,928)	11,051	(36,447)	(12,219)
Investing activity				
Due from related parties	(6,437)	-	263	-
Net cash used in investing activities	(6,437)	-	263	-
Financing activities				
Due to/from shareholders	-	18,644	-	-
Mortgage	(12,854)	(12,321)	(4,445)	(4,098)
Net proceeds from issuance of shares	125,500	-	125,500	-
Net cash provided from financing activities	112,646	6,323	121,055	(4,098)
Increase (decrease) in cash and cash equivalents during the period	82,281	17,374	84,871	(16,317)
Cash (bank indebtedness), beginning of the period	5,889	35	3,299	33,726
Cash (bank indebtedness), end of the period	$ 88,170	$ 17,409	$ 88,170	$ 17,409
Interest paid	$ 22,161	$ 22,488	$ 7,269	$ 7,428
Income tax paid	$ -	$ -	$ -	$ -
Non-cash Transactions:				
Extinguishment of notes payable	$ 347,737	$ -	$ -	$ -
Issuance of secured loans to extinguish notes payable	$ 347,737	$ -	$ -	$ -
Issuance of additional secured loans	$ 650,000	$ -	$ -	$ -
Common shares returned to treasury for cancellation	$ 650,000	$ -	$ -	$ -
Recognition of shares issued to New Age Farm shareholders upon RTO	$ 243,367	$ -	$ 243,367	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

New Age Farm Inc. (formerly 0981624 BC Ltd.) (the "Company") was incorporated on September 27, 2013 and, pursuant to a plan of arrangement (the "Arrangement") between the Company and Five Nines Ventures Ltd. ("Five Nines") dated October 7, 2013, it will acquire the letter of intent signed between Five Nines and NHS Industries Ltd. ("NHS LOI") and $5,000 in cash from Five Nines as part of the arrangement agreement (the "Arrangement Agreement"), and will commence its business as an agriculture based business in Langley, British Columbia. As consideration for this asset, the Company will issue 16,909,168 common shares, multiplied by the Conversion Factor, as defined in the Arrangement Agreement, which shares will be distributed to the Five Nines shareholders who hold Five Nines shares on the share distribution record date. Five Nines completed the Arrangement on April 1, 2014 and transferred $5,000 cash and assigned the NHS LOI to the Company on April 1, 2014. The Company initiated the share distribution in June of 2014 and issued 2,433,667 common shares to Five Nines, which were then re-distributed to the shareholders of Five Nines as of record date of December 31, 2013. The Company, after amalgamating with NHS, will be a start-up stage company and the Langley project is a five and a half acre area devoted to growing and eventually being able to process, package and store finished food based products either in cold storage or dry storage before being shipped to their final destination. NHS has already invested significant amounts to date in product development and feasibility studies. The current business objective of the Company is to raise $3,000,000 to build and operate a state of the art warehouse / processing facility to generate near term cash flow. This business plan is clearly a comprehensive review of the critical factors that would add capacity through a modular and fee based approach that is designed to support small and medium producers. Accordingly, the Company's financial success may be dependent upon the extent to which it can develop its Langley project and the economic viability of acquiring, or developing any such additional projects on the property. The Company is currently listed for trading on Canadian Securities Exchange ("CSE") under the symbol "NF".

627073 B.C. Ltd. was incorporated on May 4, 2001 under the British Columbia Business Corporation Act and changed its name to "NHS Industries Ltd." (the "Company") on September 17, 2010. The Company's principal business is the provisions of a property rental service and a development of real estate property and facility.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

At September 30, 2014, the Company had working capital deficiency of $209,198 (December 31, 2013 - $37,463), had not yet achieved profitable operations, has accumulated losses of $1,985,207 (December 31, 2013 - $1,145,025) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Presentation

These unaudited condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

(b) Revenue recognition

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

(c) Foreign currency translation

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these unaudited condensed interim financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument's contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company's financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash and bank indebtedness	Fair value through profit or loss
Investment	Available-for-sale

Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related Parties, due to shareholders, promissory note, secured loans and mortgage	Other financial liabilities

Financial assets
The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss
This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

Financial liabilities
The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities. The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities
The Company initially measures other financial liabilities, consisting of accounts payable and accrued liabilities, amounts due to related parties, amounts due to shareholders, promissory note and secured loans, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets
The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value

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

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

(expressed in Canadian dollars)

3. INVESTMENT

The investment in a private company is classified as Available for Sale and measured at cost as this investment does not have a quoted market price in an active market. During the year ended December 31, 2013, the Company wrote off its investment of $50,556.

4. PROPERTY, PLANT AND EQUIPMENT

		September 30, 2014					December 31, 2013
		Cost		Accumulated Amortization		Net Carrying Amount		Net Carrying Amount
Land	$	900,000	$	-	$	900,000	$	900,000
Building		213,800		103,337		110,463		121,154
Greenhouse		298,626		58,789		239,837		246,236
Furniture, fixture and equipment		21,423		12,794		8,629		9,559
Motor Vehicle		23,776		21,144		2,632		3,397
	$	1,457,625	$	196,064	$	1,261,561	$	1,280,346

5. PROPERTY UNDER DEVELOPMENT

At September 30, 2014, the Company is in the process of building a facility, which will contain an operating kitchen, a warehouse space and a cold storage facility. As at September 30, 2014, the Company has incurred expenditures of $650,000 (December 31, 2013: $650,000) on this development.

6. DUE TO/FROM SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The amounts of $nil (2013 - $nil) due to related parties, companies owned by shareholders of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

The amounts of ($6,437) (2013 - $nil) due to/(from) shareholders of the Company are non-interest bearing, unsecured and without fixed terms of repayment.

On December 1, 2013, the amounts of $1,562,083 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company and a promissory note of $347,737. (Note 8 and 12)

During the period ended September 30, 2014, $300,000 of consulting fees has been accrued as payable to the Chief Executive Officer ($200,000) and Chief Financial Officer ($100,000) of the Company in relation to their services provided in assisting the Company to be listed for trading on CSE. This amount was included as accrued liabilities as of September 30, 2014.

During the period ended September 30, 2014, 3,650,000 fully vested stock options at an exercise price of $0.05 per share were granted to officers and directors expiring September 8, 2014.

7. MORTGAGE

The Company has negotiated a credit facility with the BlueShore Financial (the “BSF”) for a commercial mortgage.

The commercial mortgage bears interest at 4.25% per annum until October 1, 2017. The mortgage requires monthly blended payments of $3,842. Payments will be adjusted at a time of term renewal based on the fixed rate of interest in effect and the remaining amortization period.

(expressed in Canadian dollars)

7. **MORTGAGE** (Continued)

The mortgage is secured by a rental property of the Company and an assignment of rents.

		September 30, 2014		December 31, 2013
Balance, beginning of the period	$	692,595	$	709,139
Principal payments made during the period		(12,853)		(16,544)
Balance, end of the period		679,742		692,595
Amount payable within one year		(17,547)		(16,997)
	$	662,195	$	675,598

Principal repayment terms are approximately as follows:

2014	$	4,144
2015		17,734
2016		18,502
2017		19,304
2018		20,141
Thereafter		599,917
	$	679,742

8. **SHARE CAPITAL**

(a) Issued Shares:

Authorized: Unlimited common shares without par value
Issued : 33,159,424 common shares (December 31, 2013: 66,826,091 common shares)

On December 1, 2013, the amounts of $2,004,782 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company at a price of $0.03 per share. (Note 6)

On March 31, 2014, 41,666,667 common shares of the Company were returned to treasury for cancellation by shareholders at average price of $0.03 per share for total of $1,250,000. In consideration, the Company issued non-interest bearing secured loans to two shareholders, to be due in two years. (Note 11)

On March 31, 2014, the Company issued 1,000,000 common shares of the Company at $0.03 per share to settle a total debt of $30,000 owing to external service providers.

On April 8, 2014, the Company issued 1,000,000 common shares of the Company at $0.03 per share to settle a total debt of $30,000 owing to an external service provider.

On June 30, 2014, the Company settled $600,000 of a secured non-interest bearing loan originally in the amount of $1,097,737 owing to company controlled by an officer of the Company at $0.10 per common shares of the Company and issued a total of 6,000,000 common shares (See Note 11)

The Company currently has 38,848,091 common shares outstanding.

8. SHARE CAPITAL (continued)

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

There were 3,650,000 stock options granted during the period ended September 30, 2014 at an exercise price of $0.05 per share expiring September 8, 2019. All options were fully vested at the date of grant.

The fair value of these stock options was determined to be $87,600 using the Black Scholes option pricing model using the assumptions at the time of grant of risk free interest rates of 1.47%, expected life of 5 years, expected volatility of 100% and a dividend rate of 0%.

9. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes mortgage, due to related parties, due to shareholders, promissory note, secured loans and the components of shareholders' equity. 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 manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS:

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.
The company's cash and cash equivalents and bank indebtedness have been valued using Level 1 inputs.

(expressed in Canadian dollars)

10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(a) Fair values (continued)

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2014 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	$ 88,170	$ -	$ -	$ 88,170
Investments	-	-	-	-
	$ 88,170	$ -	$ -	$ 88,170

(b) Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to HST/GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash with major Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at September 30, 2014, the Company had cash and cash equivalents of $88,170 to settle current liabilities of $319,126. The mortgage of $679,742 has a term which will be renewed on October 1, 2017 and the secured loans of $834,500 have a maturity date of June 30, 2016.

(d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments. The Company is susceptible to interest rate fair value risk on its mortgage payable that bears a fixed interest rate.

10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(d) Market risk (continued)

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and major expenditures are transacted in Canadian dollars.

11. SECURED LOANS

On March 31, 2014, the note payable in the amount of $347,737 (Note 12) due to a company owned by an officer of the Company was extinguished by the Company. In consideration for the extinguishment, the Company issued a non-interest bearing secured loan to replace the note payable. Together with the 25,000,000 common shares returned to treasury for cancellation at an agreed value of $750,000, the Company entered into a secured loan agreement with this company. This is a non-interest bearing loan in the amount of $1,097,737 to be due in two years on March 31, 2016 and secured by the Company's current and future assets secondary to the mortgage currently held by BlueShore Financial.

On June 30, 2014, the Company settled $600,000 of a secured non-interest bearing loan originally in the amount of $1,097,737 owing to company controlled by an officer of the Company at $0.10 per common shares of the Company and issued a total of 6,000,000 common shares. The Company also amended this secured non-interest bearing loan in the amount of $497,737 to be due in two years on June 30, 2016 and continue to be secured by the Company's current and future assets secondary to the mortgage currently held by BlueShore Financial.

On March 31, 2014, another shareholder also returned 16,666,667 common shares of the Company to the treasury for cancellation at an agreed value of $500,000. The Company also entered into a non-interest bearing loan agreement with this shareholder in the amount of $500,000 to be due in two years on March 31, 2016 and secured by the Company's current and future assets with it rights subsequent to the registered holder described above.

The total secured loans of $997,737 were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 10% per annum.

The debt discount of $216,942 is credited to Contributed surplus, debited to secured loans and being amortized over the term of the note.

The total discount of $60,426 was charged to interest expense for the period ended September 30, 2014.

12. PROMISSORY NOTE

On December 1, 2013, the amounts of $347,737 due to a company owned by an officer of the Company were settled for a promissory note of $347,737. (Note 6) The promissory note is not interest-bearing and unsecured with a maturity date of December 1, 2015.

The note payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 13% per annum.

The debt discount of $75,424 is credited to Contributed surplus, debited to note payable and being amortized over the term of the note.

The total discount of $8,456 was charged to interest expense for the period ended March 31, 2014. As at March 31, 2014, this note payable had a carrying value of $283,559. By replacing this note payable with a secured loan for a further two years term at a reduced risk adjusted discounted rate of 10%, fair value of the same loan amount of $347,737 issued to replace the note payable was calculated at $287,386 and thus a loss on extinguishment of note payable of $3,827 was realized and recognized as a charge to the statements of loss during the period ended March 31, 2014.

13. SUBSEQUENT EVENTS

The Company issued 1,000,000 common shares of the Company to an external service provider for services of $65,000 at an agreed price of $0.065 per share.

The Company also issued 1,000,000 common shares of the Company to the Chief Financial Officer and a Director of the Company for services of $65,000 at an agree price of $0.065 per share.

The Company granted incentive stock options to certain consultants of the Company to purchase up to an aggregate of 1,400,000 common shares in the capital stock of the Company. The options are exercisable at a price of $0.08 per share, and will expire on November 17, 2019. The Company cancelled 1,400,000 options previously issued to directors of the Company.

The Company announced a non-brokered private placement to raise up to $500,000. The financing will consist of up to 5 million common shares at a price of $0.10 per Share.

The Company announced it has entered into escrow for the purchase of a 2.69 acre parcel of land in Whatcom County, Washington State for a total purchase price of US$289,000. The property meets all the Company's criteria for its planned expansion into Washington State. The property is permitted for both agricultural and light industrial processing uses, currently contains two buildings totalling 6700 square feet and has sufficient room for expansion. The site is suitable for expansion, with ample room for the construction of additional buildings. The Company has made a non-refundable US$10,000.00 payment into escrow. The Company now has up to 120 days to complete its due diligence. During this due diligence period the Company will work with its architect to develop future plans for the property that will include multi-user capabilities.

14. REVERSE ASSETS ACQUISITION

Pursuant to and on the terms and subject to the condition set out in an amalgamation agreement among New Age Farm Inc. ("New Age"), NHS Industries Ltd. ("NHS") and 0998955 B.C. Ltd. ("0998955BC") dated April 30, 2014, New Age amalgamated with 0998955BC to form a new company ("New Co") and continue under the name NHS Industries Ltd. as a wholly owned subsidiary of New Age. On completion of the transaction, the former shareholders of NHS have 93.4% ownership interest of the Company and control the combined entity.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since New Age was a shell company whose activities, prior to the acquisition, were limited to the management of cash resources and maintenance of its reporting issuer status and did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2") whereby NHS is deemed to have issued shares in exchange for the net assets of New Age together with its reporting issuer status at the fair value of the consideration received by NHS. The accounting for this transaction resulted in the following:

(i) The financial statements of the consolidated entities are considered a continuation of the financial statements of NHS.

(ii) Since NHS is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the financial statements at their historical carrying values.

(iii) As part of the completion of the reverse acquisition with New Age to facilitate the reporting issuer status of NHS, the original shareholders of New Age retained 2,433,667 common shares of the Company.

(expressed in Canadian dollars)

14. REVERSE ASSETS ACQUISITION (continued)

Since the share and share-based consideration allocated to the former shareholders of New Age on closing the reverse acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets of New Age acquired on closing was expensed in the statement of comprehensive loss as listing expense.

The share-based compensation of $238,367 recorded as listing expense included the fair value of the 2,433,667 common shares retained by the former shareholders of New Age at $0.10 per share. The $0.10 value for the shares was based on the most recent effective financings completed by NHS prior to the reverse acquisition.

The fair value of the consideration given and resulting charge to listing expense comprised:

Fair value of share-based consideration allocated:	$
Deemed issuance of 2,433,667 common shares	243,367
	243,367
Identifiable assets acquired and liabilities assumed:	
Cash	5,000
Liabilities assumed	-
	-
Listing expense	238,367