Canna-V-Cell Sciences Inc.

(Formerly Midnight Star Ventures Corp.)

Consolidated Financial Statements
April 30, 2019 And 2018
(U.S. dollars in thousands)

CANNA-V-CELL SCIENCES INC.
(Formerly Midnight Star Ventures Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2019 AND 2018

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Independent Auditors' Report
To the Shareholders of Canna-V-Cell Sciences Inc.
(Formerly Midnight Star Ventures Corp.)

We have audited the accompanying consolidated financial statements of Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2019, and its related consolidated statements of comprehensive income, changes in equity and cash flows for year ended April 30, 2019, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements for the year ended April 30, 2018, were audited by another auditor who expressed an unmodified opinion on those financial statements on January 18, 2019.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019, and 2018 of its financial performance and its cash flows for year ended April 30, 2019 and for the period from inception (February 26, 2018) to April 30, 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit 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 audit 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 1C in the consolidated financial statements, which indicates that the Entity incurred losses from operations since its inception, and as of April 30, 2019, the Company has an accumulated deficit of approximately US $5,140 thousands, As stated in Note 1C, these events or conditions, along with other matters as set forth in Note 1C, indicate that a material uncertainty exists that may cast significant doubt on the Entity'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:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the 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 in this auditor's report. We have nothing to report in this regard.

Management's Responsibility 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.

Auditors' Responsibility 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's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tomer Fromovich.

Tel-Aviv, Israel
August 28, 2019

"Ziv Haft"
Certified Public Accountants (Isr.)
BDO Member Firm

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)

Consolidated Statement of Financial Position

For the Years Ended April 30, 2019 and 2018

U.S. dollars in thousands

	Note		April 30, 2019		April 30, 2018
Assets					
Current					
Cash and cash equivalents		**$**	**532**	$	-
Prepaid expenses			**336**		-
Total current assets			**868**		-
Non-current					
License	4		**4,757**		-
Total non-current assets			**4,757**		-
Total assets		**$**	**5,625**	$	-
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**27**	$	4
Total current liabilities			**27**		4
Non-current liabilities					
Derivative liability - Warrants	5		**1,291**		-
Related parties	1A		**590**		-
Total non-current liabilities			**1,881**		-
Shareholders' equity	9				
Share capital			**8,857**		1
Accumulated deficit			**(5,140)**		(5)
Total Shareholders' equity			**3,717**		(4)
Total Liabilities and Shareholders' equity		**$**	**5,625**	$	-

August 28, 2019	"Zaki Rakib"	"David Ryan"
Date of approval of the financial statements	Director	President

The accompanying notes are an integral part of the consolidated financial statements.

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)

Consolidated Statement of Comprehensive Income (Loss)

U.S. dollars in thousands, except per share data

	Note	Year ended April 30, 2019	Period from inception (February 26, 2018) to April 30, 2018
Operating expenses			
Research and development		$ **1,100**	$ -
Listing expenses	1B	**2,732**	-
General and administrative		**523**	5
Total operating expenses		**4,355**	5
Loss from operations		**(4,355)**	(5)
Finance expenses		**(780)**	-
Net loss and comprehensive loss		$ **(5,135)**	$ (5)
Basic loss per share		$ **(0.09)**	$ (0.05)

The accompanying notes are an integral part of the consolidated financial statements.

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)

Consolidated Statement of Changes in shareholders' equity (See note 1C)

U.S. dollars in thousands, except number of shares

	Note	Share capital Number		Share capital Amount		Accumulated deficit		Total
Balance, February 26, 2018 (Inception)		-	$	-	$	-	$	-
Issuance of shares		100,000		1		-		1
Comprehensive loss for the year		-		-		(5)		(5)
Balance, April 30, 2018		100,000	$	1	$	(5)	$	(4)
Issuance of shares to BioHarvest in respect of license agreement	1A	900,000		4,234		-		4,234
Issuance of shares upon reverse take over	1B	95,577,013		4,193		-		4,193
Share-based compensation	6	-		429		-		429
Comprehensive loss for the year		-		-		(5,135)		(5,135)
Balance, April 30, 2019		**96,577,013**	$	**8,857**	$	**(5,140)**	$	**3,717**

The accompanying notes are an integral part of the consolidated financial statements.

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)

Consolidated Statement of Cash Flows

U.S. dollars in thousands

	Note	Year ended April 30, 2019	Period from inception (February 26, 2018) to April 30, 2018
Cash flows from operating activities:			
Net loss for the period		$ **(5,135)**	$ (5)
Adjustments to reconcile net loss to net cash used in operating activities:			
Listing expenses	1B	**2,732**	-
Share-based compensation	6	**429**	-
Loss from remeasurements of financial liabilities at fair value	5,8	**662**	-
Finance expenses		**74**	
Increase in prepaid expenses		**(335)**	-
Increase (decrease) in accounts payable and accrued liabilities		**(115)**	4
Net cash used in operating activities		**(1,688)**	(1)
Cash flows from financing activities:			
Cash acquired on reverse takeover (Appendix A)	1B	2,227	-
Net proceeds from share issuance		**-**	1
Net cash provided by financing activities		**-**	1
Increase in cash and cash equivalents		**539**	-
Effects of exchange rate changes on cash and cash equivalents		**(7)**	
Cash and cash equivalents at beginning of the year		**-**	-
Cash at the end of the year		$ **532**	$ -

The accompanying notes are an integral part of the consolidated financial statements.

1. General:

Canna-V-Cell Sciences Inc. (formerly Midnight Star Ventures Corp. ("Midnight Star") (the "Company" or "CannaVCell", or collectively with its subsidiaries, the "Group") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013.

On September 27, 2018, the Company completed a qualifying transaction (the Transaction") with Bio Harvest Ltd. ("BioHarvest"), a company incorporated in Israel, and BioHarvest's 100% wholly owned subsidiary, Dolarin Ltd. ("Dolarin"), a corporation incorporated in the Israel ("Business Combination Agreement"). The Company issued 48,337,496 shares to BioHarvest in consideration for 100% of the issued share capital of Dolarin (1,000,000 shares). As a result of the Transaction, Dolarin became a wholly-owned subsidiary of the Company. Completion of the Transaction resulted in a Reverse Takeover and change of business for the Company (the "RTO"). BioHarvest is the ultimate parent of the Group.

Following the completion of the Transaction, Midnight Star Ventures Corp. changed its name to Canna-V-Cell Sciences Inc. Subsequent to the Transaction, the Company's principal business is to develop and produce cannabis active ingredients based on biopharming technology.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and is traded on the Canadian Securities Exchange under the symbol "CNVC".

These consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2019.

A. <u>Licensing and Service Agreement</u>

On April 19, 2018, BioHarvest and Dolarin entered into a license agreement ("License Agreement"), which has an effective date of the closing of the Transaction (September 27, 2018). Pursuant to the license agreement Dolarin acquired certain worldwide, non-transferable, Sales-based royalty bearing license in perpetuity from BioHarvest for the use of BioHarvest's biotechnology for the production and sale of cannabis products for the medical and recreational markets (the "License").

Dolarin acquired the licenses for the following consideration:

a) The issuance of 900,000 common shares of Dolarin to BioHarvest.

b) The payment of $160 in 16 equal monthly payments of $10 commencing on the effective date.

c) The payment to BioHarvest of a milestone payment comprising $840 upon the commencement of construction of the first manufacturing facility for relevant licensed product.

On April 19, 2018, BioHarvest and Dolarin also entered into a services agreement with an effective date of the closing of the Transaction ("Service Agreement"). Pursuant to the Service Agreement, Dolarin contracted BioHarvest to perform certain limited research, development and commercialization of BioHarvest's technology in the field of cannabis including the equipment, materials, facilities and personnel.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

1. General (cont.):

B. Accounting for the Reverse Take Over

The Transaction does not qualify as a reverse acquisition under IFRS 3, Business Combinations, as the Company do not meet the definition of a business. Therefore, the Transaction was accounted as a share-based payment in accordance with IFRS 2, Share-Based Payments. Accordingly, the consolidated financial statements represent a continuation of the financial statements of Dolarin, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of the Company. The fair value of the shares issued was determined based on the share price of the company in the transaction date. The consideration for the Transaction amounted to $4,193 and was recorded as share capital, and the difference between this amount and the fair value of the Company's net assets at the Transaction date amounted to $2,732, was recorded as listing expenses.

Cash acquired on reverse take over	$	2,227
Accounts payable and accrued liabilities		(137)
Derivative liability - Warrants		(629)
Share issuance and Share-based compensation		(4,193)
Listing expenses	$	**(2,732)**

As a result of the transaction described above, the former shareholders of Dolarin acquired control of the Company as they owned a majority of the outstanding shares of the Company upon completion of the transaction. Therefore, the transaction constitutes a reverse take-over and is accounted for with Dolarin being identified as the acquirer and the net assets of CannaVCell being recorded at fair value at the date of the transaction. Consequently, the comparative figures presented within these consolidated financial statements are of Dolarin.

C. Going Concern

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments 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 and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company’s ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values. The Company has yet to have any revenue and has incurred losses to date resulting in a cumulative deficit of $5,140 as at April 30, 2019. The recoverability of the carrying value of the assets and the Company’s continued existence is dependent upon the achievement of profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute its business strategy or be successful in future financing activities.

2. Significant accounting policies:

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of preparation:

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except for the embedded derivative that is measured at fair value through profit or loss.

B. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenue and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 3.

C. Functional and presentation currency:

The functional currency of the Company and its subsidiaries and the presentation currency of the consolidated financial statements is the U.S. dollar.

The Company and its subsidiaries determine the functional currency of each entity, and this currency is used to separately measure each Group entity's financial position and operating results.

D. Foreign currency transactions:

Transactions denominated in foreign currency (other than the functional currency) are recognized on initial recognition at the exchange rate as of the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate as of that date. Exchange differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate as of the date of the transaction.

E. Basis of consolidation

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee,

2. Significant accounting policies (cont.):

including: the contractual arrangement with the other vote holders of the investee, the Group's potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity. (ii) Recognises the consideration received at fair value, recognises any investment retained at fair value of and recognises any surplus or deficit in profit or loss. (iii) reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

F. Cash equivalents:

Cash equivalents are considered by the Group to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

G. Deferred taxation:

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. Significant accounting policies (cont.):

H. Impairment of non-financial assets:

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest Company of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

During the years ended April 2019 and 2018 no impairment charges of non-financial assets were recognized.

I. Fair value measurement:

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:

1. In the principal market for the asset or liability, or
2. 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 to 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 act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

Classification of fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

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 either directly or indirectly.
Level 3	-	Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

2. Significant accounting policies (cont.):

J. Financial instruments:

1. Financial Liabilities:

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Amortized cost

These liabilities include Accounts payable and accrued liabilities, initially recognized at fair value plus transaction costs that are directly attributable to the issue of the instrument, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss (Derivative liability – Warrants).

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments.

2. Issue of a unit of securities

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

3. Warrant liability

Warrants that are denominated in a currency other than the functional currency of the Company are considered a derivative liability and are classified as financial liabilities at fair value through profit or loss. Accordingly, these warrants are measured at fair value and the changes in fair value in each reporting period are recognized in profit or loss.

4. Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or Cancelled, or expire.

2. Significant accounting policies (cont.):

K. Operating Segment

The company currently conduct its operation through one operating segment.

L. Share-based payments:

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date is based on the share fair price is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized Over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

M. Research and Development:

Research Costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

During the years ended April 2019 and 2018 the company did not meet these criteria, therefore all research and development expenditures were expensed as incurred.in the following criteria therefore all research and development recognized as expenses.

N. Issuance costs:

The Company recognized the incremental costs that were directly attributable to issuing new shares in equity (net of any income tax benefit) and the costs that were related to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, were recognized as an expense in the statement of comprehensive income. Costs that were related to both share issuance and listing were allocated between those functions based on the number of shares on a relative basis.

2. Significant accounting policies (cont.):

O. Earnings (loss) per share:

Earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

Potential Ordinary shares are included in the computation of diluted earnings per share when they are considered to have a dilutive effect. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

P. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Q. New IFRSs adopted in the period:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has implemented the requirements of IFRS 9 since its inception.

See note 2 (K) for the accounting policy applied

3. Critical accounting estimates and judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and

3. Critical accounting estimates and judgements (cont.):

assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Share based payments

The Company has a share based payment plan for its employees. The estimated fair value of share options is determined using the binomial model and Black Scholes model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates (see also Note 6).

Derivatives

The Company uses the Black-Scholes option pricing model to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants.

Amortization of intangible assets

Amortization of intangible assets is based on estimates of their useful lives, which are determined through the exercise of judgment and market comparable information.

Impairment of intangible assets:

The Company is required to test, on an annual basis, whether intangible assets has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

4. License:

As part of the License Agreement, Dolarin issued 900,000 common shared to BioHarvest to consummate the License Agreement (see Note 1). The fair value of the shares issued was determined by reference to the 49,867,707 shares issued by The Company to BioHarvest to acquire Dolarin. Accordingly, the fair value of the shares issued is $4,234.

As the company considers it is probable that it will reach the milestone and construct the factory, it recorded a liability for the Milestone payment. The company currently does not consider the royalty stream probable and therefore did not recognize a liability for future streams.

As Dolarin assumed an amount payable of $590 to BioHarvest to recognize the periodic payments pursuant to the agreement, the fair value of the License Agreement has been computed by the total consideration transferred which is $4,757.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

5. Derivative liability - Warrants:

Each warrant entitles the holder to purchase one common share of the Company. The following table reflects the continuity of warrants for the periods presented**:**

Warrant activity	**Exercisable at April 30, 2019**		**Weighted average exercise price**
Balance, February 26, 2018 (Inception)	-	$	-
Issued in the RTO Private Placement (note 9B)	20,119,665		0.17
Issued to brokers for RTO Private Placement (note 9B)	770,483		0.17
Balance, April 30, 2019	**20,890,148**	**$**	**0.17**

The following table summarizes information about warrants outstanding as at April 30, 2019:

Date of issuance	**Date of expiry**	**Exercise price**	**Exercisable at April 30, 2019**
September 27, 2018	September 26, 2020	CAD 0.23	20,890,148

The Company uses the Black-Scholes option pricing model to estimate fair value. The following weighted average assumptions were used to estimate the fair value of the derivative warrant liability on:

	April 30, 2019	**September 27, 2018**
Expected life of warrants	1.4 years	2 years
Expected volatility	100%	100%
Expected dividend yield	0%	0%
Risk-free interest rate	1.8%	1.8%
Market price of Common share	CAD 0.20	CAD 0.11
Exercise price	CAD 0.23	CAD 0.23

The Company considers expected volatility of the shares of comparable companies and its Common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on Canadian government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

The Company recorded a derivative warrant liability of $820 related to the reverse take over on September 27, 2018 (see note 1B).

6. Share based payment

a. At September 27, 2018 9,655,105 options were granted to the Company's CEO and to the employees of BioHarvest, the options exercisable to ordinary shares on 1:1 basis and with a vesting schedule of 12.5% in each quarter over the period of two years.

   The options are valued using the Black Scholes option valuation methodology based on the following data and assumptions: Share price - CAD 0.11 (representing approximately $0.09), Exercise price - CAD 0.20 (representing approximately $0.15), Expected volatility - 100% ,Risk-free interest rate – 2.3% , and expected average life of options 5.6 year.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

6. Share based payment (cont.)

b. At March 11, 2019 750,000 options were granted to the company's directors, the options exercisable to ordinary shares on 1:1 basis and with a vesting schedule of 8% and 10% in each quarter over the period of 30 and 37.5 months accordingly.

The options are valued using the Black Scholes option valuation methodology based on the following data and assumptions: Share price - CAD 0.20 (representing approximately $0.15), Exercise price - CAD 0.2 (representing approximately $0.15), Expected volatility - 100% ,Risk-free interest rate – 1.65% , and expected average life of options 2.5 year.

The total value of the options are $ 747 and as of April 30, 2019 the company recognized an expense at the amount of $ 429.

Data related to the share option plan as of April 30, 2019 and changes during the two years ended on that date are as follows:

	April 30, 2019		April 30, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding as beginning of year	-	-	-	-
Changes during the period:				
Granted	10,405,105	0.23	-	-
Options outstanding at end of year (*)	10,405,105	0.23	-	-
Options exercisable at year-end	2,413,776	0.23	-	-
Weighted-average fair value of options Granted during the year	$ 747		-	

* The options outstanding at April 30, 2019 had a weighted-average contractual life of 5.27 year.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

7. Income tax

A. Tax rates:

The Group is subject to income tax in the Canada and Israel. Income taxes have not been recognized in profit and loss, as the Group has been incurring losses since inception, and it is not probable that future taxable profits will be available against which the accumulated tax losses can be utilized.

B. Net operating losses carry forward:

As of April 30, 2019, the Group has estimated carry forward tax losses of approximately $5,697, which may be carried forward and offset against taxable income for an indefinite period in the future. Deferred tax asset on the Group's losses was not recognized since it is not probable that taxable profit will be available in the foreseen future.

C. Reconciliation of effective tax rate:

The adjustments for the difference between the actual tax charge for the year and the standard rate of corporation tax in Israel applied to profits for the year are as follows:

Year and period ended April 30,	2019	2018
Loss before income tax	(5,135)	-
Tax computed at the corporate rate in Canada – 26%	(1,335)	-
losses for which no deferred tax asset is recognized	1,335	-
Total income tax expense	**-**	**-**

8. Financial instruments and risk management:

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables and other liabilities. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the balances exposure to interest is minimal. The risk management policies employed by the Company to manage these risks discussed below.

Foreign currency risk:

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which it denominated and the respective functional currency of the company.

The currencies in which some transactions are primarily denominated are CAD, US dollars and NIS.

The company's policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

8. Financial instruments and risk management (cont.):

	April 30, 2019			
Assets	**US dollar**	**CAD**	**NIS**	**Total**
Cash And cash equivalents	7	521	4	532
Prepaid expenses	325	11	-	336
	332	**532**	**4**	**868**
Liabilities				
Accounts payable and accrued liabilities	-	26	-	26
Related parties	590	-	-	590
	590	**26**	**-**	**616**

	April 30, 2018			
Liabilities	**US dollar**	**CAD**	**NIS**	**Total**
Accounts payable and accrued liabilities	4	-	-	4
	4	**-**	**-**	**4**

Analysis:

A 5% appreciation of the USD against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

For a 5% depreciation of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	April 30, 2019	April 30, 2018
Linked to CAD	506	-
	5%	5%
	25	-
Linked to NIS	4	-
	5%	5%
	*	-

* Represents an amount lower than 1 thousand.

Liquidity risks:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of loss. The Company has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Company has no material obligation beyond one year (the liabilities for governmental institutes depends on achieving future revenues) and has a positive working capital and cash in bank to finance its working capital in the near future. The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the repayment forecast of the management of the company.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

8. Financial instruments and risk management (cont.):

April 30, 2019:	Amortized cost						
	Book value	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	> 5 years	Total
Accounts payable and accrued liabilities	(27)	(27)	-	-	-	-	(27)
Related parties	(590)	-	(504)	(336)	-	-	(840)
Total	**(617)**	**(27)**	**(504)**	**(336)**	-	-	**(867)**

April 30, 2018:	Amortized cost						
	Book value	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	> 5 years	Total
Accounts payable and accrued liabilities	(4)	(4)	-	-	-	-	(4)
Total	**(4)**	**(4)**	-	-	-	-	**(4)**

Fair value of financial assets and liabilities:

The fair value of the Company's current financial assets and liabilities approximates their carrying amounts as their maturity date is less than 1 year and they do not bear a fixed interest rate.

The following table summarises the information about the level 3 fair value measurements:

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability - Warrants	1,291	Black-Scholes model	level 3	Volatility of firm's assets returns*

* A change in the volatility measure by 5% results in a change of +/- 87K of the fair value

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

Derivative liability - Warrants	2019	2018
Balance as of May 1	-	-
Issuance of Warrants	629	-
Loss recognized in Profit or loss:	662	-
Balance as of April 30	1,291	-

Capital management:

Group's objective is to maintain, as much as is possible, a stable capital structure. In the opinion of Group's management its current capital structure is stable. Consistent with others in the industry, the Group monitors capital, including others also, on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

9. Share Capital:

	Number of shares	
	April 30, 2019 Issued and outstanding	**April 30, 2018 Issued and outstanding**
Ordinary shares without par value	96,577,013	100,000

A. The Ordinary Shares confer upon the holders thereof all rights accruing to a shareholder of the Company, including, the right to receive notices of and to attend meetings of shareholders; for each share held, the right to one vote at all meetings of shareholders; and to share equally, on a per share basis, in such dividend and other distributions to shareholders of the Company as may be declared by the Board of Directors and upon liquidation or dissolution of the Company, in the distribution of assets of the Company legally available for distribution to shareholders in accordance with the terms of applicable law. All Ordinary Shares rank pari-passu in all respects with each other.

B. Before the Transaction, the Company completed a brokered private placement ("RTO Private Placement") and issued 20,119,665 units at a price of CAD 0.15 per unit for gross proceeds of $2,313 ("RTO Units"). Each RTO Unit consists of one common share and one common share purchase warrant (an "RTO Warrant"). Each RTO Warrant entitles the holder thereof to acquire one share at a price of CAD 0.23 for a period of 24 months following the issuance. The brokers for the RTO Private Placement received a cash commission in the amount of $89 and 770,483 RTO Warrants with a fair value of $23 thousands. The Company also issued 1,450,124 shares with a fair value of $123 in respect of brokerage services for the RTO Private Placement.

C. On September 27, 2018, the Company completed the Transaction (note 1B) and issued 48,337,496 shares to BioHarvest in consideration for the 100% issued share capital of Dolarin (1,000,000 shares).

D. On completion of the RTO, under the RTO accounting, Dolarin is considered to have issued 26,669,728 shares to acquire the net assets and public listing status of the Company.

Notes to Consolidated Financial Statements (U.S. dollars in thousands, except per share data)

10.Loss per share:

Net loss per share attributable to equity owners:

	April 30, 2019	April 30, 2018
Net loss used in basic and diluted EPS	(5,135)	(5)
Weighted average number of shares used in basic and diluted EPS	57,193,246	100,000
Basic and diluted net EPS (dollars)	(0.09)	(0.05)

11. Related party transactions:

Related party transactions:

For the year and period ended April,	2019	2018
Compensation of key management personnel of the Company:		
Management fees for the CEO	40	-
Share base payment to CEO (note 6)	193	-
Other related party transactions:		
Research and development (note 1A)	846	-
Share base payment (note 6)	236	-

Balances with related parties:	As of April 30, 2019	As of April 30, 2018
Prepayments	325	-
Related parties (note 1A)	(590)	-

12.Subsequent events:

On August 13, 2019, the Company announced that it intends to complete a private placement of up to 6,666,667 units at a price CAD 0.15 per unit for total proceeds of up to CAD 1,000. Each unit will consist of one common share of the Company and one non-transferable share purchase warrant. Each warrant will be exercisable to purchase an additional common share at a price of CAD 0.30 per share for a period of four years from closing of the private placement.

The Company will pay commissions of 5% to registered investment dealers and brokers or to finders in jurisdictions where permitted by law.