CleanSeed Capital Group Ltd.

Condensed Interim Consolidated Financial Statements

For the three month period ended September 30, 2011

Unaudited - Prepared by Management

Contents

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For the three month period ended September 30, 2011

Responsibility for financial statements

The accompanying condensed interim consolidated financial statements of Clean Seed Capital Group Ltd. (the "Company") as at September 30, 2011 have been prepared by management in accordance with International Financial Reporting Standards consistently applied. The most significant of these accounting principles have been set out in Note 3 to the attached financial statement. These interim statements have been presented on the accrual basis of accounting. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditor involvement

The Company's auditors have not performed a review of the un-audited condensed interim consolidated financial statements for the three month period ended September 30, 2011.

/s/ Graeme Lempriere

Graeme Lempriere , Director, CEO & CFO
Vancouver, BC Canada
December 27 2011

/s/ Mark Tommasi

Mark Tommasi, Director
Vancouver, BC Canada
December 27, 2011

Clean Seed Capital Group Ltd.

(A development stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2011

(Unaudited)

		September 30 2011		**June 30 2011** (Note 22)		July 1 **2010** (Note 22)
ASSETS						
Current assets						
Cash	**$**	**1,465,167**	$	8,791		127,859
Trade and other receivables (Note 5)		**42,781**		10,206		471
Advances recoverable		-		2,379		-
Prepaid expenses		**8,769**		7,080		2,000
Total current assets		**1,516,717**		28,456		130,330
Non-current assets						
Due from Vesco Agricultural Technologies Ltd. (Notes)		-		118,446		-
Deferred acquisition costs (Note 6)		**-**		105,000		75,000
Intellectual property (Note 7)		**3,500,000**		-		-
Goodwill (Note 8)		**860,954**		-		-
Property, plant and equipment (Note 9)		**45,064**		12,396		-
Total non-current assets		**4,406,018**		235,842		75,000
TOTAL ASSETS	**$**	**5,922,735**	$	264,298	$	205,330
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities (Note 17)		**336,705**		144,366		30,956
Advances from related parties (Note 17)		**23,343**		-		-
Current portion of notes payable (Note 10)		**20,000**		53,000		-
Current portion of agreement payable (Note 11)		**268,241**		-		-
Current portion of notes payable to related party (Notes 12 & 17)		**203,853**		-		-
Total current liabilities		**852,142**		197,366		30,956
Non-current liabilities						
Deferred income taxes payable (Note 5)		**763,293**		-		-
Total non-current liabilities		**763,293**		-		-
TOTAL LIABILITIES		**1,615,435**		197,366		30,956
SHAREHOLDERS' EQUITY						
Share capital (Note 13)		**4,523,135**		336,252		212,502
Share-based payment reserve (Note 14)		**445,000**		-		-
Deficit		**(660,835)**		(269,320)		(38,128)
TOTAL SHAREHOLDERS' EQUITY		**4,307,300**		66,932		174,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**5,922,735**	$	264,298	$	205,330

Approved on behalf of the Board:

Graeme Lempriere — Director

Mark Tommasi — Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Clean Seed Capital Group Ltd.

(A development stage company)

Condensed Interim Consolidated

Statement of Comprehensive Income/Loss

for the three month period ended September 30

(Unaudited)

	2011	2010 (Note 22)
Administrative Expenses		
Depreciation	$ 1,330	$ 900
Employee costs	105,742	-
Other expenses	284,443	27,447
	391,515	28,347
Total comprehensive loss for the period	$ (391,515)	$ (28,347)
Loss per share		
Basic and Diluted	$ 0.07	$ 0.01

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Clean Seed Capital Group Ltd.

(A development stage company)

Condensed Interim Consolidated Statement of Changes in Equity
for the three month period ended September 30

(Unaudited)

	Share Capital		Deferred Financing Costs	Share-based Payment Reserve	Accumulated Deficit	TOTAL
	Number	Amount				
Shares issued on incorporation, January 28, 2010	2	2	-	-	-	2
Surrendered for cancellation	(2)	-	-	-	-	-
Issued for cash on February 22, 2010 at $0.01 per share	1,000,000	10,000	-	-	-	10,000
Issued for cash on June 1, 2010 at $0.075	2,700,000	202,500	-	-	-	202,500
Net loss and comprehensive loss for the period	-	-	-	-	(38,128)	(38,128
Balance, July 1, 2010	**3,700,000**	**$ 212,502**	**$ -**	**$ -**	**$ (38,128)**	**$ 174,374**
Issued for cash on August 1. 2010	990,000	123,750	-	-	-	123,750
Deferred financing costs	-	-	(56,882	-	-	(56,882
Net loss and comprehensive loss for the period	-	-	-	-	(231,192)	(231,192
Balance, June 30, 2011	**4,690,000**	**$ 336,252**	**$ (56,882**	**$ -**	**$ (269,320)**	**$ 10,050**
Issued for cash on September 26, 2011 at $0.30 per share	6,700,000	2,010,000	-	-	-	2,010,000
Share issue costs	-	(328,117	56,882	113,000	-	(158,235
Issued for property on September 26, 2011 at $0.25	10,000,000	2,500,000	-	-	-	2,500,000
Issued for special warrants on September 26,2 011	16,666	5,000	-	-	-	5,000
Stock-based compensation	-	-	-	332,000	-	332,000
Net loss and comprehensive loss for the period	-	-	-	-	(391,515)	(391,515
Balance, September 30, 2011	**21,406,666**	**$ 4,523,135**	**$ -**	**$ 445,000**	**$ (660,835)**	**$ 4,307,300**

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Clean Seed Capital Group Ltd.

(A development stage company)

Condensed Interim Consolidated Statement of Cash Flows
for the three month period ended September 30

(Unaudited)

	2011	2010 (Note 22)
Cash flows from operating activities		
Net loss for the year	**$ (391,515)**	$ (28,347)
Adjustments for items not affecting cash		
Amortization of capital assets	**1,330**	900
Share-based payments - financing costs	**5,000**	-
Share-based payments - stock options granted (Notes 14 and 15)	**332,000**	-
	(53,185)	(27,447)
Changes in non-cash working capital items		
Trade and other receivables	**(26,554)**	(993)
Prepaid expenses	**51**	(20,500)
Accounts payable	**44,201**	(16,490)
	(35,487)	(65,430)
Cash flows from financing activities		
Proceeds from issue of common shares	**2,010,000**	123,750
Share issue costs	**(215,117)**	-
Increases in notes payable	**20,000**	-
Repayment of notes payable	**(53,000)**	-
	1,761,883	123,750
Cash flows from investing activities		
Purchase of capital assets	**(7,642)**	(9,835)
Advances to Vesco Agricultural Technologies Ltd.	**(272,801)**	(12,627)
Cash acquired on purchase of Vesco Agricultural Technologies Ltd. (Note 5)	**10,423**	-
Option payments	**-**	(30,000)
	(270,020)	(52,462)
Decrease in cash and equivalents for the period	**1,456,376**	5,858
Cash and equivalents, beginning of period	**8,791**	127,859
Cash and equivalents, end of period	**$ 1,465,167**	$ 133,717

Supplemental Cash Flow Information - Note 17

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

1. CORPORATE INFORMATION

Clean Seed Capital Group Ltd.. (the "Company") was incorporated under the British Columbia Business Corporation Act on January 28, 2010. The consolidated financial statements of the Company as at September, 2011 comprise the Company and its wholly-owned subsidiary Vesco Agricultural Technologies Ltd., a British Columbia Company. The Company is listed on the TSX-Venture Exchange, having the symbol CSX.V and its primary business is the development, assembling and selling agriculture equipment, specifically no-tillage seeding equipment.

The address of the Company's registered office is Suite 700, 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The address of the Company's principal place of business is 7541 Conway Avenue, Unit 14, Burnaby,BC, V5E 2P7.

2. BASIS OF PREPARATION

a) Statement of Compliance

The consolidated financial statements of the Company for the year ending June 30, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim consolidated financial statements for the three month period ended September 30, 2011 have been prepared in accordance with IAS-34 Interim Financial Reporting, and as they are part of the Company's first IFRS annual reporting period, IFRS 1 First Time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim consolidated financial statements are the Company's first consolidated financial statements prepared using IFRS, certain disclosure that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these consolidated financial statements for the comparative annual period. However, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2011 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company provided in (Note 22).

The condensed interim consolidated financial statements of the Company as at September 30, 2011 were authorised for issue in accordance with a resolution of the directors on December 27, 2011.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

Preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenues from operations. The Company is considered to be in the development stage as it has not generated any income to date. The underlying value of the Company's intellectual property is dependent upon the Company's ability to generate future profitable business operations, based upon that intellectual property, and repay its liabilities arising from normal business operations when they come due, including meeting the technology acquisition agreement payment requirements as they fall due as disclosed in Note 11.

2. BASIS OF PREPARATION - Continued

c) Going concern - continued

While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast doubt on the validity of that assumption. As at September 30, 2011, the Company has net working capital of $664,575, has an accumulated deficit of $660,835, incurred a loss of $391,515 for the three month period ended September 30, 2011, net cash outflows used in operations of $35,487 for the three month period ended September 30, 2011 and has a history of losses from operations. The Company's ability to continue as a going concern may be dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. There is no assurance that such financing will be sufficient to sustain operations in the foreseeable future. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

d) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Group as at September 30,, 2011. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Vesco Agricultural Technologies Ltd., a British Columbia company.

The subsidiary is fully consolidated from the date of acquisition (September 26, 2011), being the date on which the Group obtains control, and will continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared using accounting policies specified by those IFRS's that are in effect at the end of the reporting period (September 30, 2011). The standards that will be effective in the financial statements for the year ending June 30, 2012 are subject to change and may be affected by additional interpretations.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2011 and with the disclosures concerning the transition from Canadian generally accepted accounting principles in Note 22 of these condensed interim consolidated financial statements.

a) Presentation Currency and Functional Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the parent Company is the Canadian dollar. The functional currency of Vesco Agricultural Technologies Ltd., the Company's wholly-owned subsidiary, is the Canadian dollar.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

c) Property and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c) Property and Equipment - continued

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided for over the asset's estimated useful life, as follows:

Leasehold improvements	Term of the lease plus first renewal period
Office furniture and equipment	10 years, straight-line basis
Computer equipment	3.3 years, straight-line basis
Computer software	2 years, straight-line basis
Shop equipment	5 years, straight-line basis
Productions molds	Unit of production over expected life of mold

Depreciation methods, estimated useful lives and residual values are reviewed at each year end and adjusted if appropriate. The effect of any changes in estimate is accounted for on a prospective basis.

d) Intellectual Property

Purchased intellectual property, comprised of patents, patents pending and related proprietary knowledge is recorded at cost and are amortized on a straight-line basis as follows:

Patents and patents pending	The lesser of 7 years or the remaining patent life
Proprietary knowledge	7 years

The components of the portfolio of intellectual property purchased on the acquisition of Vesco Agricultural Technologies Ltd. are indistinguishable and therefore the value of the portfolio is allocated 100% to patents.

e) Impairment of Non-Financial Assets

Carrying values of property and equipment are reviewed at each reporting period as to whether indicators of impairment exist. If any indication of impairment exists an estimate of an asset's recoverable amount is calculated. An impairment loss is recognized when the carrying value of an asset or its cash-generating unit exceeds the recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Intellectual property is assessed for impairment by areas of interest if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The amount of the reversal cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued)

f) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables – These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Investments – Non-derivative financial assets not included in the above category is classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments carried at fair value with change in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is not quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income in reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset of the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payable and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that nay interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payable represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

g) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of post transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

h) Share capital and warrants

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Common shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The fair value of the warrant component of a unit offering is calculated using an option pricing model. The residual value of the difference between the unit offering price and the fair value of the warrant component is allocated to the value of the common share component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

i) Business combinations

As part of the transition to IFRS, the Company elected to restate only those business combinations that occurred on or after January 1, 2010.

For acquisitions on or after 1 January 2010, the Company measures goodwill as the acquisition-date fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquired business, less the net fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the statement of comprehensive loss/income.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

j) Share-based payments

The Company has a stock option plan under which it grants stock options to directors, employees, consultants and service providers.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in Share-based Payment Reserve over the vesting period, described as the period during which all the vesting conditions are to be satisfied. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the grant date. Performance 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 testing period is based on the number of options that eventually vest. Non-vesting conditions and 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 these vesting conditions are satisfied.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the Share-based Payment Reserve over the remaining vesting period.

For equity-settled share-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. Amounts related to the issuance of shares are recorded as a reduction of share capital.

All equity-settled share based payments are reflected in Share-based Payment Reserve, until exercised. Upon exercise shares are issued from treasury and the amount reflected in Share-based Payment Reserve is credited to Share Capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of the vesting and recognized the amount that otherwise would have been recognized for the services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Company has no cash-settled share based payment transactions.

k) Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as equity. Share issuance costs related to uncompleted share subscriptions are charged to operations.

l) Income Taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss of the current year and nay adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l) Income Taxes - continued

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transactions affects neither accounting of taxable profit or loss.

Recognition of deferred tax assets of unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings (loss) per common share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and share purchase warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period.

n) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB of the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of ‘1 January 2001’ with ‘the date of transition to IFRS's. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRS's. The amendment is effective for year-ends beginning on or after July 1, 2011, however, the Company has early adopted the amendment.

The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations that have not been early adopted in these interim financial statements will or may have an effect on the Company’s future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB’s wider project to replace IAS 30 ‘Financial Instruments Recognition and Measurement’. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual period beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

The following new standards, amendments and interpretations that have not been early adopted in these interim financial statements will not have an effect on the Company’s future results and financial position:

- IFRS 1: Sever Hyperinflation (effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (effective for periods beginning on or after January 1, 2012)
- Amendments to IFRS 9 Financial Instruments (effective for period beginning on or after January 1, 2013)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS - Continued

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carry amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Impairment of Intellectual Property

The Group is required to test, at least annually, whether intellectual property 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 choice of a suitable discount rate in order to calculate the present value of these cash flows. The actual outcome may result in a materially different outcome than the amount recorded.

Impairment of Goodwill

The Group is required to test, at least annually, whether goodwill 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 choice of a suitable discount rate in order to calculate the present value of these cash flows. The actual outcome may result in a materially different outcome than the amount recorded.

Impairment of Property, Plant and Equipment

Property, Plant and Equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

Depreciation

Deprecation is provided so as to write down the assets to their residual values over the estimated useful lives as set out above. The selection of these estimated lives requires the exercise of management judgemental.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the actual outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 14.

5. ACQUISITION OF SUBSIDIARY

The Company acquired 100% of the issued shares of Vesco Agricultural Technologies Ltd. on September 26, 2011 by issuing 10,000,000 common shares of the Company at a deemed value of $0.25 per share. The acquisition have the following effect on the Company's assets and liabilities

	Preacquisition Carrying Amounts	Fair Value Adjustments	Recognized Value on Acquisition
Cash and equivalents	$ 10,423	**$ -**	**10,423**
Harmonized sales tax recoverable	6,021	-	6,021
Prepaid expenses	1,740	-	1,740
Intellectual property	1	3,499,999	3,500,000
Property, plant and equipment	26,356	-	26,356
Accounts payable	(148,138)	-	(148,138)
Due to related parties	(25,722)	-	(25,722)
Due to Clean Seed Capital Group Inc.	(391,247)	-	(391,247)
Notes payable	(203,853)	-	(203,853)
Agreement payable	(268,241)	-	(268,241)
Deferred income taxes	-	(763,293)	(763,293)
Net assets	(992,660)	2,736,706	1,744,046
Goodwill arising on acquisition			860,954
Total purchase price settled in shares			2,605,000
Purchase price settled in cash (option payments made in prior year)			105,000
Purchase price settled in shares			2,500,000
Purchase price settled in cash (option price			-
Cash and equivalents acquired			10,423
Cash flow on acquisition			$ 10,423

The following valuation methods have been applied to the acquired assets:

a) Property, Plant and equipment: Acquired machinery and equipment is valued with the depreciated replacement cost method. The replacement costs are determined by reviewing current replacement values for each individual asset acquired. All significant assets were all recently acquired.

b) Intellectual property: Intellectual property is valued using the Historical Cost / Replacement Cost method as prepared by an independent valuation expert prior to the purchase. This method examines what a purchase would do to recreate the intellectual property. They would attempt to minimize costs and develop the existing intellectual property as quickly and efficiently as possible. The new creator and developer would have insight into what was done and not done and would likely reduce the costs to market as well as shorten the time to market.

c) Deferred income taxes: The excess of the acquisition cost paid over the net of the amounts of the fair values assigned to all assets acquired and liabilities assumed, taking into consideration the respective deferred taxes, is referred to as goodwill. Any acquired asset that does not meet the identification and recognition criteria for an asset is included in the amount recognized as goodwill

6. TRADE AND OTHER RECEIVABLES

	September 30 2011	June 30 2011
HST recoverable	**$ 42,781**	$ 1,824

7. INTELLECTUAL PROPERTY

	September 30 2011	June 30 2011
Patents	**$ 3,500,000**	$ 1
Less: amortization	-	-
	$ 3,500,000	$ 1

Intellectual property consists of patents acquired as a result of the Company's acquisition of Vesco Agricultural Technologies on September 26, 2011:No amortization has been recorded for the three month period ended September 30, 2011 as the property was acquired on September 26, 2011.

Patent carrying value is tested at each reporting date for impairment. The Company determines whether patent impairment is necessary at least on a quarterly basis. This requires an estimation of the fair value less costs to sell of the cash-generating unit to which the patents are allocated. Estimating the fair value less costs to sell requires the Company to make an estimate of the expected patent specific sales and future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There was no impairment expense recorded for the three month period ended September 30, 2011. Future changes in expected cash flows and discount rates may lead to impairments of the accounted patents in the future.

8 GOODWILL

	September 30 2011	June 30 2011
Goodwill, gross	**$ 860,954**	$ -
Less: impairment	-	-
	$ 860,954	$ -

Goodwill relates to the Company's acquisition of Vesco Agricultural Technologies Ltd.. (Note 5)

Goodwill carrying value is tested at each reporting date for impairment. There was no impairment expense three month period ended September 30, 2011. The Company determines whether goodwill impairment is necessary at least on a quarterly basis. This requires an estimation of the fair value less costs to sell of the cash-generating unit to which the goodwill is allocated. Estimating the fair value less costs to sell requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Future changes in expected cash flows and discount rates may lead to impairments of the accounted goodwill in the future.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement	Office Furniture and Equipment	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Total
Cost							
Balance, July 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	1,438	5,593	2,070	7,765	-	-	16,866
Balance, June 30, 2011	1,438	5,593	2,070	7,765	-	-	16,866
Additions	-	7,642	-	-	-	-	7,642
Additions on acquisition of Vesco	-	-	506	-	850	25,000	26,356
Balance, September 30, 2011	**$ 1,438**	**$ 13,235**	**$ 2,576**	**$ 7,765**	**$ 850**	**$ 25,000**	**$ 50,864**
Depreciation							
Balance, July 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation for the year	40	160	560	3,710	-	-	4,470
Balance, June 30, 2011	40	160	560	3,710	-	-	4,470
Depreciation for the period	40	150	160	980	-	-	1,330
Balance, September 30, 2011	**$ 80**	**$ 310**	**$ 720**	**$ 4,690**	**$ -**	**$ -**	**$ 5,800**
Carrying Amounts							
At July 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
At June 30, 2011	$ 1,398	$ 5,433	$ 1,510	$ 4,055	$ -	$ -	$ 12,396
At September 30, 2011	**$ 1,358**	**$ 12,925**	**$ 1,856**	**$ 3,075**	**$ 850**	**$ 25,000**	**$ 45,064**

10. NOTES PAYABLE

	September 30 2011	June 30 2011
Note payable: on demand, with interest at 12% per annum and without security	**$ 10,000**	$ -
Note payable to director: on demand, with interest at 12% per annum and without security	**10,000**	-
	20,000	-
Current portion	**20,000**	-
	$ -	$ -

11. AGREEMENT PAYABLE

	September 30 2011	June 30 2011
Technology Purchase Agreement - related to the purchase of intellectual property and related tangible assets. Agreement is for total consideration of US$500,000 payable US$250,000 on or before the Company obtains a listing on a stock exchange in North America by way of initial public offering or acquisition by a company listed on a North American stock exchange (completed and paid September 26, 2011) with the balance due the later of one year after the Company obtains a listing on a stock exchange or on completion of a technology use pilot program, with interest at 7.8% per annum. In the event the Company is in default of the agreement by failing to make any required payment within the time limit of the agreement and fails to remedy the default within 30 days of a notice of default the Vendor may terminate the agreement and recover the technology. The vendor of the technology is the father of a director and officer of the Company.	**$ 268,241**	$ -
Less: current portion	**268,241**	-
	$ -	$ -

12. NOTES PAYABLE TO RELATED PARTY

	September 30 2011	June 30 2011
Notes payable to a company controlled by the Company's President and CEO. The notes are unsecured and bear interest at 7% - 15%. The note holder agreed to defer payment of principal and interest until the later of the time the Company raises an aggregate of at least $5,000,000 through the sale of its equity in addition to its initial public offering, or June 30, 2012. In previous years the amounts were due on demand.	**154,150**	-
Accrued interest on notes payable to a company controlled by the Company's President and CEO	**49,703**	-
	203,853	-
Less: current portion	**203,853**	-
	$ -	$ -

13. SHARE CAPITAL

a) Authorized

The Company's authorized capital consists of an unlimited number of common shares without par value.

b) Issued

During the period ended September 30, 2011 the following share transactions occurred:

i. On September 26, 2011 the Company issued 6,700,000 shares, pursuant to it's initial public offering, at a price of $0.30 per share for gross proceeds of $2,010,000.
The Company incurred $384,999 of share issue costs related to the initial public offering, comprised of commissions, corporate finance fees, regulatory filing fees, legal and consulting fees, including $113,000 of non-cash agents' options. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: Share price volatility – 143%; Expected term – 3 years; Risk-free rate of return – 2.2% and Expected dividend yield – 0%. ;

ii. On September 26, 2011 the Company issued 10,000,000 shares pursuant to the acquisition agreement for the purchase of 100% of the issued shares of Vesco Agricultural Technologies Ltd. The shares were valued and recorded at the agreed price of $0.25 per share;

iii. On September 26, 2011 the Company issued 16,666 shares on exercise of special warrants, issued as partial consideration of a bridge loan, at the initial public offering price of $0.30 per share.

During the year ended June 30, 2011 the following share transactions occurred:

i. On August 1, 2010 the Company issued 990,000 shares pursuant to a non-brokered private placement at a price of $0.125 per share for gross proceeds of $123,750.

c) Restricted shares

Pursuant to the policies of the TSX Venture Exchange (TSX-V") certain of the issued shares have trading restrictions imposed upon them as follows:

i. Seed Shares issued to arms-length parties - 990,000 shares issued prior to the Company's pintail public offering are restricted from trading. 198,000 of the shares were released for trading on listing of the Company's shares on the TSX-V with the balance released 198,000 on each of October 28, 2011, November 28, 2011, December 29, 2011 and January 28, 2012.

ii. Seed Shares issued to related parties - 2,050,000 shares issued prior to the Company's pintail public offering are restricted from trading pursuant to an Escrow Agreement whereby the shares are released from the Escrow restrictions as follows: 10% on listing of the Company's shares on the TSX-V and 15% of the original number of shares each six months thereafter.

iii. Vesco Purchase Shares - of the 10,000,000 shares issued for acquisition of 100% of the issued shares of Vesco Agricultural Technologies Ltd., 8,692,500 are restricted from trading pursuant to an Escrow Agreement whereby the shares are released from the Escrow restrictions as follows: 10% on listing of the Company's shares on the TSX-V and 15% of the original number of shares each six months thereafter.

14. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Warrant Reserve', 'Share-based Payment Reserve', and 'Accumulated Deficit'.

- "Contributed Surplus" recognizes amounts contributed to the Company shareholders either by way of direct contribution of cash or assets to the Company or delivery of assets to the Company having a fair valued in excess of consideration paid by the Company.
- 'Warrant Reserve' is used to recognize the fair value of share warrants prior to exercise or expiry.
- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

b) Share-based payment reserve and Share-based payments

	Number of Options	Weighted Average Exercise Price	Fair Value of Options
Incentive Stock Options	1,380,000	$ 0.241	$ 332,000
Agent's Option consideration	536,000	$ 0.211	$ 113,000
Total Share-based payment reserve	1,916,000	$ 0.232	$ 445,000

14. EQUITY AND RESERVES - Continued

b) Share-based payment reserve and Share-based payments - continued

Incentive Stock Options

During the period ended September 30, 2011 the Company granted 1,380,000 incentive stock options, exercisable at $0.30 per share until September 28, 2016, and based on the estimated fair value of the options at their grant date recorded stock-based compensation expense of $332,000 in the statement of operations as follows: Salaries - $105,742, Directors fees - $144,194, Consulting fees - $58,032 and Professional fees - $34,032. The fair value of options granted were estimated using the Black-Scholes option pricing model. Weighted average assumptions used in the model are as follows: Average risk-free interest rate – 1.43%; Expected life – 5 years; Share price volatility – 115%; and Expected dividends - $NIL.

The following table summarizes incentive stock option activity for the periods ending June 30, 2011 and September 30, 2011:

	Number	Weighted Average Exercise Price	Fair Value of Options
Balance July 1, 2010 and June 30, 2011	-	$ -	$ -
Incentive options granted	1,380,000	$ 0.241	$ 332,000
Balance, September 30 3011	1,380,000	$ 0.241	$ 332,000

At September 30, 2011 all incentive stock options are fully vested.

Incentive stock options outstanding at September 30, 2011 are as follows:

Number of Options Outstanding and Exercisable	Expiry Date	Exercise Price
1,380,000	September 28, 2016	$ 0.30

Agents' Option Consideration

During the period ended September 30, 2011 the Company paid finder's compensation related to the Company's initial public offering closed on September 26, 2011. Included in the compensation was an option to purchase 536,000 shares at a price of $0.30 per share until September 26, 2014 and based on the estimated fair value of the options at the grant date the Company recorded share issue costs of $113,000. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: Share price volatility – 115%; Expected term – 3 years; Risk-free rate of return – 0.90% and Expected dividend yield – 0%.

	Number	Weighted Average Exercise Price	Fair Value of Options
Balance July 1, 2010 and June 30, 2011	-	$ -	$ -
Agents' options granted	536,000	$ 0.211	$ 113,000
Balance, September 30 3011	536,000	$ 0.211	$ 113,000

At September 30, 2011 all Agents' stock options are fully vested.

Agents' stock options outstanding at September 30, 2011 are as follows:

Number of Options Outstanding and Exercisable	Expiry Date	Exercise Price
536,000	September 28, 2014	$ 0.30

15. SHARE-BASED PAYMENTS

a) Incentive Stock Option Plan Details

The Company has a stock option plan under which directors, officers and employees of the Company and of its subsidiaries and certain external consultants are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Company. Options granted under the plan generally have a term of five years but may not exceed five years and typically vest on the grant or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the TSX-V stock exchange on which the Company's common shares are listed.

b) Fair value of Options Issued

During the period ended September 30, 2011, the Company granted 1,380,000 incentive stock options, exercisable at $0.30 per share until September 28, 2016, and based on their estimated fair value at their grant dates recorded stock-based compensation expense of $332,000 in the statement of operations. (Note 12b)

c) Expenses Arising from Other Share-based Payment Transactions

During the period ended September 30, 2011, the Company paid agents" commission compensation related to the Company's initial public offering closed on September 26, 2011. Included in the compensation was an option to purchase 536,000 shares at a price of $0.30 per share until September 28, 2014. Based on the estimated fair value of the finder's compensation at the grant date recorded share issue costs of $113,000. (Note 12b)

16. OTHER EXPENSES

	September 30 2011	September 30 2010
Consulting fees	**$ 58,032**	$ -
Directors' compensation	**144,194**	-
Financing costs	**5,000**	-
General and administration	**8,811**	1,226
Occupancy	**17,524**	-
Professional	**50,199**	-
Travel	**683**	3,721
	$ 284,443	$ 4,947

17. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items, non-current assets and non-current liabilities arising from the acquisition of the Company's wholly-owned subsidiary, the accounts of which are included in these consolidated financial statements, is reflected in the Condensed Interim Consolidated Statement of Cash Flows only to the extent of cash acquired on cash on the purchase. Details of other assets acquired are provided in Note 5 - Acquisition of Subsidiary.

18. RELATED PARTY TRANSACTIONS

Transactions during the three month period ended September 30 with related parties are recorded at the exchange value as summarized below:

		2011		2010
Interest accrued on a note payable to a director	$	207	$	-
Option payment made to a company controlled by Company President/CEO	$	-	$	30,000

Included in the Company's liabilities are amounts due a company that is the Company's controlling shareholder as follows:

		September 30 2011		June 30 2011
Included in accounts payable and accrued liabilities:				
Accrued interest on agreement payable to the father of the Company's President and CEO (Note 11)	**$**	**108,410**	$	-
Amounts due to Marvelle Capital Corporation, a company controlled by the Company's President and CEO	**$**	**7,362**	$	-
Amount due to a director for expenses incurred on behalf of the Company	**$**	**2,098**	$	797
Accrued interest on note payable to a director	**$**	**207**	$	-
Notes payable to Marvelle Capital Corporation, a Company controlled by the Company's President and CEO together with accrued interest	**$**	**203,853**	$	-
Advances due to Marvelle Capital Corporation, a Company controlled by the Company's President and CEO	**$**	**23,343**	$	-
Note payable to a director of the Company	**$**	**25,000**	$	3,000
Agreement payable due to the father of the Company's President and CEO (Note 11)	**$**	**268,241**	$	-

19. COMMITMENTS

Premises Lease

On February 3, 2011 the Company entered into a premise lease for a term of five years commencing on April 1, 2011 for base rent plus estimated operating costs totaling approximately $67,700 for fiscal year 2012 $68,400 for 2013, $71,000 for 2014, $73,100 for 2015 and $54,800 for 2016.

20. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Fair value of financial instruments

Financial instruments recorded at fair value on the balance sheet 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) observed in active markets for identical assets or liabilities. The valuation of the Company's cash is determined by reference to valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities, or Level 1 as defined above.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The Company has no Level 2 financial instruments.

Level 3 – valuation techniques with significant unobservable market inputs. The Company has no Level 3 financial instruments.

20. MANAGEMENT OF FINANCIAL RISK - Continued

a) Fair value of financial instruments - continued

The fair value hierarchy of financial instruments measured at fair value on the balance sheet date is as follows:

As at September 30, 2011

	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 1,465,167	$ -	$ -	$ 1,465,167
	$ 1,465,167	$ -	$ -	$ 1,465,167

As at June 30, 2011

	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 8,791	$ -	$ -	$ 8,791
	$ 8,791	$ -	$ -	$ 8,791

b) Risk Management

The Company’s financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Company manages these risks through prudent investment and business decisions, and, where the exposure is deemed too high, the Company may enter into derivative contracts to reduce this exposure. The Company does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

A summary of the major financial instrument risks and the Company’s approach to the management of these risks are highlighted as follows:

Interest rate and credit risk

The Company has minimal cash balances and no floating rate interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. Management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Accounts and other receivable consist of goods and services tax due from the Federal Government of Canada and interest receivable. Management believes that the credit risk concentration with respect to receivables is remote.

The Company has significant interest-bearing indebtedness but is not exposed to interest rate risk as the interest bearing liabilities all bear interest at fixed rates.

Liquidity Risk

The Company manages liquidity risk by attempting to maintain sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2011, the Company is exposed to liquidity risk on amounts due to creditors and amounts due to/from related parties (currently liabilities of $197,366) to be settled with a cash balance of $8,791.

Insurance

The Company purchases limited discretionary insurance to cover catastrophic property damage, business interruption and liability risk.

Sensitivity analysis

The Company has designated its cash as held-for-trading, which are measured at fair value with all gains and losses included in net loss (earnings) in the period in which they arise. Sales tax recoverable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities, which are measured at amortized cost.

As of June 30, 2011, the carrying amount of sales tax recoverable and accounts payable and accrued liabilities and loans payable equals fair market value. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash includes amounts held which may earn interest at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $Nil.
- Price risk is remote since the Company currently does not have sales.

21. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support its business activities and to safeguard the Company's ability to continue as a going concern. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. 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 the future development of the business. The only assets in which the Company currently has an interest are related to an option to acquire Vesco Agricultural Technologies Ltd. ("Vesco"), a company developing certain agriculture related technology. In order to fund the acquisition of Vesco, fund Vesco's planned product development program and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2011.

The Company's investment policy is to invest its cash in low risk, highly liquid short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures. The Company must raise additional funding to carry its operations through its current operating period and satisfy its obligations.

The Company has no external restrictions on its capital.

22. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company's interim condensed consolidated financial statement as at September 30, 2011, and for the three months ended September 30, 2011 are the Company's first financial statements prepared under IFRS. The Company's financial statements for the year-ended June 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1 – First Time Adoption of International Financial Reporting Standards requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was July 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be June 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for the first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian generally accepted accounting principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the comparative figures as at June 30, 2011 and for the three month period ended September 30, 2010 have been adjusted from amounts previously reported in the financial statement prepared in accordance with pre-changeover Canadian GAAP.

a) Optional Exemptions

Business Combinations – The Company elected not to retrospectively apply IFRS 2 – Business Combinations, to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Share-based Payment Transactions – The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Property, Plant and Equipment - The Company has elected to not restate items of property, plant and equipment to fair value at transition. The Company has not adopted the revaluation model for non-financial assets.

b) Mandatory Exemptions

Derecognition of Financial Assets and Liabilities – The Company has applied the derecognition requirements in IAS 39 – Financial Instruments: Recognition and Measurement, prospectively from the Transition Date. As a result any non-derivative financial assets of non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates – The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

22. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - Continued

b) Mandatory Exemptions - continued

Reconciliations of Pre-change over Canadian GAAP Equity and Comprehensive Income to IFRS – IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. No changes were required to be made to the statements of financial position and statements of comprehensive income as previously reported.

c) Reconciliation of Canadian GAAP financial statement presentation to IFRS financial statement presentation

Reconciliation of Statement of Financial Position as at July 1, 2010 – Transition Date

There were no adjustments to reconcile the Statement of Financial Position as at July 1, 2010, the transition date, as presented under Canadian GAAP to that presented under IFRS.

Reconciliation of Statement of Financial Position as at September 30, 2010

	Note	Canadian GAAP	Effects of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash and equivalents		156,217	-	156,217
Trade and other receivables		1,464	-	1,464
Deposit	22a)	22,500	(22,500)	-
Total current assets		180,181	(22,500)	157,681
Non-current assets				
Advances to Vesco		12,627	-	12,627
Deferred acquisition costs		105,000	-	105,000
Property, plant and equipment		8,935	-	8,935
Total non-current assets		126,562	-	126,562
TOTAL ASSETS		306,743	(22,500)	284,243
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		14,466	-	14,466
TOTAL LIABILITIES		14,466	-	14,466
SHAREHOLDERS' EQUITY				
Share capital		336,252	-	336,252
Deficit	22a)	(43,975)	(22,500)	(66,475)
TOTAL SHAREHOLDERS' EQUITY		292,277	(22,500)	269,777
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		306,743	(22,500)	284,243

22. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - Continued

c) Reconciliation of Canadian GAAP financial statement presentation to IFRS financial statement presentation

Reconciliation of Statement of Financial Position as at June 30, 2011

	Note	Canadian GAAP	Effects of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash and equivalents		8,791	-	8,791
Trade and other receivables		10,206	-	10,206
Advances recoverable		2,379	-	2,379
Deposit		7,080	-	7,080
Total current assets		28,456	-	28,456
Non-current assets				
Advances to Vesco		118,446	-	118,446
Deferred acquisition costs		105,000	-	105,000
Property, plant and equipment		12,396	-	12,396
Total non-current assets		235,842	-	235,842
TOTAL ASSETS		264,298	-	264,298
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		144,366	-	144,366
Loans payable		53,000	-	-
Total current liabilities		197,366	-	197,366
TOTAL LIABILITIES		197,366	-	197,366
SHAREHOLDERS' EQUITY				
Share capital		336,252	-	336,252
Deferred financing costs	22b)	(56,882)	56,882	-
Deficit	22b)	(212,438)	(56,882)	(269,320)
TOTAL SHAREHOLDERS' EQUITY		66,932	-	66,932
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		264,298	-	264,298

Reconciliation of Statement of Comprehensive Loss for the three month period ended September 30, 2010

	Note	Canadian GAAP	Effects of transition to IFRS	IFRS
Loss for the period	22a)	5,847	22,500	28,347

22. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - Continued

c) Reconciliation of Canadian GAAP financial statement presentation to IFRS financial statement presentation

Reconciliation of Statement of Cash Flow for the three month period ended September 30, 2010

	Note	Canadian GAAP	Effects of transition to IFRS	IFRS
Cash flows from (used by) operating activities				
Net loss for the period		(5,847)	(22,500)	(28,347)
Adjustments for items not affecting cash				
Amortization		900	-	900
		(4,947)	(22,500)	(27,447)
Change in non-cash working capital items				
Trade and other receivables		(993)	-	(54,894)
Prepaid expenses		(20,500)	22,500	-
Accounts payable and accrued liabilities		(16,490)	-	(16,490)
Total cash flows used by operating activities		(42,930)	-	(42,930)

Explanation of Reconciliation Adjustments to the statements of financial position:

a) Reclassification of deferred financing costs incurred to September 30, 2010 which are expensed under IFRS. Deferred financing costs incurred to September 30, 2010 were comprised of agent's fees and expenses.

b) Reclassification of deferred financing costs incurred to June 30, 2011 which are expensed under IFRS. Deferred financing costs incurred to June 30, 2011 were comprised of agent's fees and expenses, TSX-V listing fees and other regulatory fees.

23. SUBSEQUENT EVENTS

Subsequent to September 30, 2011 the Company entered into the following transactions:

a) Issued 140,000 incentive stock options to company employees, exercisable at $0.30 per share, of which 100,000 expire November 1, 2016 and 40,000 expire November 4, 2016.