

DLC HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DLC HOLDINGS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(Expressed in Canadian Dollars)

AS AT

	June 30, 2019	December 31, 2018
ASSETS		
Current		
Cash	\$ 69,042	\$ 55,041
Receivables	34,042	32,440
Loan receivable (Note 11)	17,424	-
Marketable securities (Note 5)	272,595	260,154
	393,103	347,635
Investments in subsidiaries (Note 6)	15,991,868	16,460,359
Tangible assets (Note 7)	981,093	992,482
	16,972,961	17,452,841
Total assets	\$ 17,366,064	\$ 17,800,476
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 137,423	\$ 145,595
Balances due to broker (Note 5)	41,844	103,970
Due to related parties (Note 11)	249,096	147,039
	428,363	396,604
Promissory note (Note 8)	182,484	177,798
Loans (Note 9)	648,963	627,549
	831,447	805,347
Total liabilities	1,259,810	1,201,951
Shareholders' equity		
Share capital (Notes 4 and 10)	4,255,850	4,255,850
Reserves (Note 10)	15,589,131	15,589,131
Accumulated other comprehensive income	858,804	1,458,540
Non-controlling interest	4,166,028	4,288,642
Deficit	(8,763,559)	(8,993,638)
Total shareholders' equity	16,106,254	16,598,525
Total liabilities and shareholders' equity	\$ 17,366,064	\$ 17,800,476

Approved and authorized by the Board on August 29, 2019

"Mark Pajak"
Mark Pajak - Director

Director

"Craig Goldenberger"
Craig Goldenberger - Director

Director

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

DLC HOLDINGS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)**

(Unaudited)

(Expressed in Canadian Dollars)

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
CONTINUING OPERATIONS				
Fair value adjustment (Note 7)	\$ 6,284	\$ 2,541	\$ 10,862	\$ 2,541
Insurance	-	692	375	692
Interest expense (Notes 8 and 9)	12,702	9,325	22,467	9,325
General and administrative	3,018	1,152	3,630	1,152
Transfer and filing fees	1,042	-	10,444	-
Consulting fees	8,550	-	8,550	-
Management fees (Note 11)	10,500	10,500	21,000	10,500
Professional fees	63,246	-	74,540	-
Foreign exchange gain	<u>(51,332)</u>	<u>(356,983)</u>	<u>(308,829)</u>	<u>(176,203)</u>
Income (loss) from continuing operations	(54,010)	332,773	156,961	151,993
OTHER ITEMS				
Interest and investment income	11,464	38,044	20,756	38,044
Other income (Note 11)	66,364	12,807	66,364	12,807
(Loss) gain on marketable securities (Note 5)	(13,382)	-	63,724	-
Listing expense (Note 4)	<u>-</u>	<u>(4,253,684)</u>	<u>-</u>	<u>(4,253,684)</u>
Total other items	64,446	(4,202,833)	150,844	(4,202,833)
Net income (loss) for the period from continuing operations	10,436	(3,870,060)	307,805	(4,050,840)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that may be reclassified subsequently to profit or loss				
Currency translation adjustment	<u>(173,751)</u>	<u>(637,388)</u>	<u>(800,076)</u>	<u>316,543</u>
Comprehensive income (loss) for the period	\$ (163,315)	\$ (4,507,448)	\$ (492,271)	\$ (3,734,297)
Net income (loss) attributable to:				
Shareholders of the Company	\$ (3,113)	\$ (3,870,060)	\$ 230,079	\$ (4,050,840)
Non-controlling interest	<u>13,549</u>	<u>-</u>	<u>77,726</u>	<u>-</u>
	10,436	(3,870,060)	307,805	(4,050,840)
Comprehensive income (loss) attributable to:				
Shareholders of the Company	(144,765)	(4,364,618)	(369,657)	(3,821,066)
Non-controlling interest	<u>(18,550)</u>	<u>(142,830)</u>	<u>(122,614)</u>	<u>86,769</u>
	\$ (163,315)	\$ (4,507,448)	\$ (492,271)	\$ (3,734,297)
Basic and diluted income (loss) per common share				
	\$ 0.00	\$ (0.06)	\$ 0.00	\$ (0.09)
Weighted average number of common and preferred shares outstanding				
- basic and diluted	84,650,227	65,573,806	84,650,227	43,869,658

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

DLC HOLDINGS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 307,805	\$ (4,050,840)
Non-cash items:		
Listing expense (Note 4)	-	4,253,684
Fair value adjustment (Note 7)	10,862	2,541
Accrued interest expense	20,518	8,449
Gain on marketable securities	(63,724)	-
Unrealized foreign exchange	(292,008)	(166,251)
Changes in non-cash working capital items:		
Accounts receivable	(2,269)	(11,544)
Accounts payable and accrued liabilities	(4,658)	-
Due to related parties	103,758	10,374
	<u>80,284</u>	<u>46,413</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of DLC (Note 4)	-	696,282
Reduction of broker margin	(59,000)	-
Sale of marketable securities (Note 5)	40,296	-
Acquisition of tangible assets	(31,177)	-
	<u>(49,881)</u>	<u>696,282</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on loan (Note 9)	-	(386,280)
Proceeds on loan (Note 9)	31,990	-
Loan receivable	(17,666)	-
	<u>14,324</u>	<u>(386,280)</u>
Effect of foreign exchange on cash	<u>(30,726)</u>	<u>(2,738)</u>
Change in cash during the period	14,001	353,677
Cash, beginning of period	<u>55,041</u>	<u>-</u>
Cash, end of period	<u>\$ 69,042</u>	<u>\$ 353,677</u>

There were no significant non-cash investing or financing activities for the periods ended June 30, 2019 and 2018.

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

DLC HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Preferred Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Non-controlling interest	Deficit	Total
Balance, December 31, 2017	15,356,675	4,545,455	\$ 2,794	\$15,589,131	\$ 1,009,538	\$ 4,240,396	\$ (3,148,734)	\$ 17,693,125
Acquisition of DLC (Note 4)	-	64,748,097	4,253,056	-	-	-	-	4,253,056
Conversion of Series B Preferred Shares	13,676,700	(13,676,700)	-	-	-	-	-	-
Translation adjustment	-	-	-	-	229,774	86,769	-	316,543
Net loss for the period	-	-	-	-	-	-	(4,050,840)	(4,050,840)
Balance, June 30, 2018	29,033,375	55,616,852	4,255,850	15,589,131	1,239,312	4,327,165	(7,199,574)	18,211,884
Translation adjustment	-	-	-	-	219,228	69,684	-	288,912
Net loss for the period	-	-	-	-	-	(108,207)	(1,794,064)	(1,902,271)
Balance, December 31, 2018	29,033,375	55,616,852	4,255,850	15,589,131	1,458,540	4,288,642	(8,993,638)	16,598,525
Translation adjustment	-	-	-	-	(599,736)	(200,340)	-	(800,076)
Net income for the period	-	-	-	-	-	77,726	230,079	307,805
Balance, June 30, 2019	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ 858,804	\$ 4,166,028	\$ (8,763,559)	\$ 16,106,254

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

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

DLC Holdings Corp. ("DLC") (with its subsidiaries, collectively, the "Company") is an investment company investing in agricultural land and in the food processing industry. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 25, 2011 and is listed for trading on the TSX Venture Exchange ("Exchange") under the symbol DLC.

This Company's head office address is 1600 - 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3, and its registered and records office address is 2200 - 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 24, 2018 the Company announced that it has completed the acquisition of 60.5% of the issued and outstanding share capital of Ceniako Ltd. ("Ceniako") a private corporation duly incorporated under the laws of Cyprus; and 100% of the issued and outstanding share capital of Craven House Industries Ltd. ("Craven House"), a private corporation duly incorporated under the laws of Ireland. The acquisitions constituted a Reverse Takeover ("RTO") under the policies of the Exchange (Note 4).

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at June 30, 2019, the Company has a cash balance of \$69,042, a working capital deficit of \$35,260, and a history of losses and has accumulated a deficit of \$8,763,559 as at June 30, 2019. Management believes that the Company likely has sufficient funds from which to fund on-going operating requirements for the near term, however, these factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied are consistent with the consolidated financial statements for the year ended December 31, 2018, with the exception of new policies adopted in Note 3.

Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries.

The condensed consolidated interim financial statements reflect the historic results of Craven House and Ceniako as a continuing entity as if they had been operating as a condensed consolidated interim entity from inception. The non-controlling interest (39.5%) in Ceniako has been presented as an existing position in the historical accounts of the financial statements. The financial operations of DLC are condensed consolidated interim as of the RTO date of April 24, 2018.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019

2. BASIS OF PREPARATION (cont'd...)**Use of judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Investment entities

The Company has judged that certain of its controlled subsidiaries qualify as investment entities. The primary functions of the private companies detailed in Note 6 was judged to be consistent with the requirements of the investment entity exemption under IFRS 10 *Consolidated financial statements*. Specifically, those entities have the specific function of providing returns on a capital appreciation basis and are evaluated by management on a fair value basis.

Determination of functional currency

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 1.

The key areas of estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Valuation of RTO consideration

Pursuant to the guidance of IFRS 3, the fair value of the equity of the accounting acquirer is used to measure the consideration transferred for its interest in the accounting acquirer unless the equity interests of the accounting acquiree are more reliably measured. Management determined that the fair value measurements of the accounting acquirers', being Ceniako and Craven House, investments provided a basis for a more reliable fair value measurement of the consideration transferred. This entailed reliance on estimates with respect to the investments of Ceniako and Craven House to provide the fair value of the net assets of the accounting acquirers. The valuation of the net assets provided a residual fair value per equity instrument of the accounting acquirers estimated to be \$0.21 per share (Note 4).

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019

2. BASIS OF PREPARATION (cont'd...)**Use of judgments and estimates (cont'd...)***Valuation of investments*

The Company recognizes its tangible assets (Note 7) and investments in subsidiaries (Note 6) at fair value. The material composition of these assets is land in Brazil. The Company therefore engages third party valuers to provide periodic valuations of those holdings. These valuations are determined using level 3 inputs which involve considerable estimates as the inputs used to value these financial instruments are based on unobservable market data. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable market data is not available. Between third party valuations, management reviews assumptions and market conditions, including any impact of political or legal risk of foreign jurisdictions, to adjust fair value estimations. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

Deferred income tax

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Impairment of long lived assets

The carrying value of long lived assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the condensed consolidated interim statement of loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflow from other assets or groups of assets – "CGUs") for purposes of impairment testing, require the use of estimates and assumptions for discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumption or estimates used in determining the fair value of long lived assets could impact the impairment analysis.

3. SIGNIFICANT ACCOUNTING POLICIES**Consolidation**

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries which exist for the purpose of executing the Company's business operations. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****Consolidation (cont'd...)**

The condensed consolidated interim financial statements include:

Name of entity	Activity	Country of Incorporation	Ownership	Functional Currency
DLC Holdings Corp.	Management company	Canada	-	Canadian dollar
Superior Macadamias (Pty) Ltd.	Investment in agricultural industry.	South Africa	100%	South African Rand
Desmond Agricultural Products Ltd.	Inactive.	Ireland	100%	Euro
DLC North America LLC	Investment company	USA	100%	US Dollar
Craven House Industries Limited	Management activities of holding companies including holding, acquiring, selling or otherwise disposing of shares in companies and all related activities.	Republic of Ireland	100%	Euro
Ceniako Ltd.	Management activities of holding companies including holding, acquiring, selling or otherwise disposing of shares in companies and all related activities.	Cyprus	60.5%	Euro

A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee. Where an entity obtains funds for the purpose of providing investment management services, invests funds solely for returns from capital appreciation and/or investment income and measures and evaluates the performance of substantially all of its investments on a fair value basis, the Company applies the investment entity exemption under IFRS 10. These entities are not consolidated and are recorded on a fair value basis (Note 6).

Currency Translation

IFRS requires that the functional currency of each entity in the condensed consolidated interim group be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Under IFRS, the results and financial position of all the Company's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the condensed consolidated interim statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- all resulting exchange differences are recognized as a separate component of equity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****Standard adopted in the period****IFRS 16 Leases**

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 *Leases*, and instead introduces a single lessee accounting model. The Company adopted IFRS 16 on January 1, 2019. The adoption of IFRS 16 did not have an impact on the Company's condensed consolidated interim financial statements.

4. REVERSE TAKEOVER

On April 24, 2018 the Company completed the acquisition of 60.5% of the issued and outstanding share capital of Ceniako and 100% of the issued and outstanding share capital of Craven House. The Company issued 28,902,045 Series B Preferred Shares to acquire 60.5% of Ceniako and 35,845,252 Series B Preferred Shares to acquire 100% of Craven House. After completion of the transaction, the shareholders of Ceniako and Craven House held approximately 76.5% of the common and preferred shares of the Company.

Accordingly, the transaction is treated as an issuance of shares by Ceniako and Craven House for the net assets of DLC and the Company's listing status or a reverse takeover ("RTO") as DLC did not qualify as a business according to the definition in IFRS 3. The RTO is therefore accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment" and IFRS 3 "Business Combinations".

The fair value of the net assets of DLC as at April 24, 2018, and the listing expense, are as follows:

Purchase Price	
Fair value of shares of DLC retained by DLC shareholders (19,902,130 shares at a price of \$0.21 per share)	\$ 4,253,056
Net Assets Acquired	
Cash	\$ 696,282
Receivables	18,904
Tangible assets (Note 7)	551,604
Accounts payable and accrued liabilities	(42,187)
Due to related parties (Note 11)	(100,286)
Promissory note (Note 8)	(171,300)
Long-term loans (Note 9)	<u>(953,645)</u>
Net assets (liabilities)	<u>\$ (628)</u>
Listing expense	\$ 4,253,684

The RTO was a related party transaction as the Company has directors in common with the vending private companies of Ceniako and Craven House.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**5. MARKETABLE SECURITIES**

Marketable securities	Total
Balance, December 31, 2017	\$ -
Purchased	659,363
Proceeds on sale	(248,349)
Loss on sale of marketable securities	(48,962)
Unrealized loss on mark to market	(112,324)
Foreign exchange	10,426
Balance, December 31, 2018	\$ 260,154
Proceeds on sale	(40,296)
Gain on sale of marketable securities	4,043
Unrealised gain on mark to market	59,681
Foreign exchange	(10,987)
Balance, June 30, 2019	\$ 272,595

The Company has investments in certain marketable securities of publicly traded companies. Balances due to broker represent purchases made on margin. Purchases on margin are limited to 25% of securities held. There is no collateral pledged against the brokerage account.

6. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries	Craven House investments	Ceniako investments	Total
Balance, December 31, 2017	\$ 6,624,801	\$ 10,763,083	\$ 17,387,884
Foreign exchange differences	(1,179,448)	(268,983)	(1,448,431)
Translation differences	123,708	397,198	520,906
Balance, December 31, 2018	5,569,061	10,891,298	16,460,359
Foreign exchange differences	68,561	198,807	267,368
Translation differences	(227,066)	(508,793)	(735,859)
Balance, June 30, 2019	\$ 5,410,556	\$ 10,581,312	\$ 15,991,868

Financial asset investments of Craven House represent part ownership of the share capital of the following companies:

1. 50.1% - Finishtec Acabamentos Tecnicos Em Metais Ltda – ME (Brazil); and
2. 99.9% - Universal Properties Brasil Administracao de Moveis Ltda (Brazil).

The Craven House holdings in turn own approximately 500 hectares of land in Bahia, Brazil. The land is suitable for the cultivation of macadamias and coconuts. It presently has no operations.

Financial asset investments of Ceniako represent ownership of 100% of the issued and outstanding share capital Woodford Empreendimentos Imobiliarios LTDA (Brazil). The Ceniako holdings in turn own approximately 2,000 hectares of land in Bahia. The land is suitable for the cultivation of macadamias and coconuts. It is presently has no operations.

As the composition of the holdings of the investments in subsidiaries is materially land holdings, the Company does not anticipate significant short term fluctuations in fair value in the shares of the private companies.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**7. TANGIBLE ASSETS**

Tangible assets	Development Land	Macademia Facility	Vehicle	Total
Balance, December 31, 2017	\$ 457,901	\$ -	\$ -	\$ 457,901
Acquired with DLC (Note 4)	-	551,604	-	551,604
Foreign exchange differences	22,825	-	-	22,825
Fair value adjustments	-	(8,964)	-	(8,964)
Translation differences	17,402	(48,286)	-	(30,885)
Balance, December 31, 2018	498,128	494,354	-	992,482
Additions	-	-	31,177	31,177
Foreign exchange differences	887	-	-	887
Fair value adjustments	-	(7,744)	(3,118)	(10,862)
Translation differences	(21,117)	(10,948)	(526)	(32,591)
Balance, June 30, 2019	\$ 477,898	\$ 475,662	\$ 27,533	\$ 981,093

The development land represents a plot of land in Salta, Argentina. The macademia facility consists of a package of land, buildings and equipment acquired with DLC and located in South Africa.

8. PROMISSORY NOTE

With the completion of the RTO, the Company has assumed a promissory note of \$157,500 due to a company controlled by the Company's CEO. The promissory note bears interest at rate of 6%, is due on November 7, 2020 and is unsecured. As at June 30, 2019, the promissory note has accrued interest of \$24,984.

9. LOANS

With the completion of the RTO, the Company assumed loans of \$128,706, due to a company controlled by the Company's CEO ("Related Party Loans"). The Related Party Loans bear interest at a rate of 6%, are due on June 1, 2021 and are unsecured. In the period ended June 30, 2019, the Company was issued a loan of US\$24,000 by a company controlled by the Company's CEO which accrued interest at a rate of 6%.

Related Party Loans	Principal	Interest	Total
Balance, December 31, 2017	\$ -	\$ -	\$ -
Acquired with DLC (Note 4)	115,374	13,332	128,706
Interest expense	-	4,007	4,007
Foreign exchange	3,653	5,333	8,986
Balance, December 31, 2018	119,027	22,672	141,699
Proceeds	31,990	-	31,990
Interest expense	-	3,984	3,984
Foreign exchange	(1,905)	(4,515)	(6,420)
Balance, June 30, 2019	\$ 149,112	\$ 22,141	\$ 171,253

In conjunction with the RTO transaction, DLC entered into a loan facility, under which the Company was provided with a loan of USD\$643,077 from KwikBuild Corporation Ltd, a subsidiary of Craven Industrial Holdings PLC ("KwikBuild Loan"). The KwikBuild Loan holds a senior secured position, bears an interest rate of 5% and has a term of five years ending April, 2023. This is a related party transaction as the Company has directors in common with Craven Industrial Holdings PLC.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**9. LOANS (cont'd...)**

KwikBuild Loan	Principal	Interest	Total
Balance, December 31, 2017	\$ -	\$ -	\$ -
Acquired with DLC (Note 4)	817,767	7,172	824,939
Repayment	(386,280)	-	(386,280)
Interest expense	-	17,110	17,110
Foreign exchange	28,911	1,170	30,081
Balance, December 31, 2018	460,398	25,452	485,850
Interest expense	-	11,848	11,848
Foreign exchange	(18,730)	(1,258)	(19,988)
Balance, June 30, 2019	\$ 441,668	\$ 36,042	\$ 477,710

10. SHARE CAPITAL AND RESERVES**a) Authorized share capital**

Unlimited number of common shares without par value.

Unlimited number of Class A Preferred Shares without par value.

- Convertible on a 1 for 1 basis to common shares.

Unlimited number of Class B Preferred Shares without par value.

- Entitled to one vote per Class B Preferred Share at meetings of the shareholders of the Company;

- Entitled to participate on a per share basis with the common shares in respect of any declaration of dividends on the common shares and any distribution on the common shares upon the liquidation, winding-up or dissolution of the Company; and

- Convertible, at the election of the Company, on a one-for-one basis into common shares.

b) Issued share capital

The Company did not complete any private placements in the period ended June 30, 2019 or year ended December 31, 2018.

Issued and outstanding	June 30, 2019	December 31, 2018
Common shares	29,033,375	29,033,375
Class A Preferred Shares	4,545,455	4,545,455
Class B Preferred Shares	51,071,397	51,071,397

c) Escrow

The Class B Preferred Shares issued in relation to the RTO on April 24, 2018 and any common shares issued resulting from the conversion of these Class B Preferred Shares, are subject to standard escrow provisions as determined by the Exchange. 20,153,047 of the Class B Preferred Shares were released from escrow following completion of the RTO, and the remainder of these escrowed shares will be released as follows:

Escrow Release Date	Shares To Be Released
October 24, 2019	9,712,215
April 24, 2020	9,712,215
October 24, 2020	9,712,215
April 24, 2021	9,712,215
Total Class B Preferred Shares under escrow	38,848,860

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**10. SHARE CAPITAL AND RESERVES (cont'd...)**

d) Stock option plan

The Company has a stock option plan under which it is authorized to grant to executive officers and directors, employees and consultants stock options enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

As at June 30, 2019, there are no stock options outstanding.

11. RELATED PARTY TRANSACTIONS**Key Personnel Compensation**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the periods ended June 30, 2019 and 2018 are as follows:

Type of Service	Nature of Relationship	2019	2018
Management fees	Emprise Capital Corp., a company with an officer in common	\$ 21,000	\$ 10,500

The following details amounts due to related parties:

Type of Service	Nature of Relationship	June 30, 2019	December 31, 2018
Management fees	Desmond Holdings Ltd., a company owned by the CEO	\$ 19,911	\$ 19,911
Management fees	Emprise Capital Corp., a company with an officer in common	106,544	99,844
Loan, unsecured non-interest bearing	92 Spring LLC, director in common	57,206	27,284
Loan, unsecured non-interest bearing	IIU Co Inc., director in common	65,435	-
		\$ 249,096	\$ 147,039

Balances are due on demand and unsecured.

In addition to the balances above, the promissory note (Note 8), Related Party Loans (Note 9), and KwikBuild Loan (Note 9) are due to related parties. In the period ended June 30, 2019, the Company loaned an amount to a subsidiary of KwikBuild which is non-interest bearing and no fixed terms of repayment. The balance receivable at June 30, 2019 is \$17,424.

Other income recorded on the statement of loss and comprehensive loss derives from lease income in South Africa which was received from a related party company.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**12. SEGMENTED INFORMATION**

The Company operates in one segment, being investment. The Company's non-current assets, excepting financial instruments are situated as follows:

June 30, 2019	United States	South Africa	Argentina	Total
Development land	\$ -	\$ -	\$ 477,898	\$ 477,898
Macadamia facility	-	475,662	-	475,662
Vehicle	27,533	-	-	27,533
Total	\$ 27,533	\$ 475,662	\$ 477,898	\$ 981,093

December 31, 2018	United States	South Africa	Argentina	Total
Development land	\$ -	\$ -	\$ 498,128	\$ 498,128
Macadamia facility	-	494,354	-	494,354
Total	\$ -	\$ 494,354	\$ 498,128	\$ 992,482

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial instruments**

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

Financial instruments by category	Fair value through profit or loss		Amortized cost	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<i>Financial assets</i>				
Cash	\$ -	\$ -	\$ 69,042	\$ 55,041
Receivables	-	-	34,042	32,440
Loan receivable	-	-	17,424	-
Marketable securities	272,595	260,154	-	-
Investment in subsidiaries	15,991,868	16,460,359	-	-
	16,264,463	16,720,513	120,508	87,481
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities	-	-	137,423	145,594
Balances due to broker	41,844	103,970	-	-
Due to related parties	-	-	249,096	147,039
Promissory note	-	-	182,484	177,798
Loans	-	-	648,963	627,549
	\$ 41,844	\$ 103,970	\$ 1,217,966	\$ 1,097,980

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial instruments (cont'd...)**

The Company considers that the carrying amount of financial instruments carried at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

	Level 1		Level 3	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Financial instruments measured at FVPL				
Marketable securities	\$ 272,595	\$ 260,154	\$ -	\$ -
Investment in subsidiaries ⁽¹⁾	-	-	15,991,868	16,460,359
Balance due to broker	(41,844)	(103,970)	-	-

(1) The fair value Level 3 inputs include an independent valuation performed on the investment.

Financial risk factors*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables and marketable securities. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company considers the risk of financial loss on cash to be remote. The Company's receivables consist materially of GST input tax credits recoverable from the government of Canada and a receivable from a related party. The Company considers credit risk with respect to these amounts to be low.

The Company has not offset any financial assets and financial liabilities in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had a working capital deficit of \$35,260 (December 31, 2018 – deficiency of \$48,968).

Balances due to broker are supported by the Company's investment in marketable securities. The extension of margin by the broker is limited to 25% of the value of the Company's investment in marketable securities. The ability of the Company to settle balances due to broker may be impacted by significant changes in the value of its investment in marketable securities. Marketable securities may be subject to significant volatility relative to the overall equity market and volatility of the specific securities held. The liquidity of the marketable securities is subject to the characteristics of the individual equities and may or may not be immediately convertible to cash.

The Company's ability to finance its future operating requirements is significantly dependent on the Company's ability to achieve economic returns on its investments. Without these returns, the Company will remain dependent upon the continued financial support of its debtors and shareholders. The Company, as at June 30, 2019, is significantly exposed to liquidity risk.

DLC HOLDINGS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2019**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial risk factors (cont'd...)***Market risk*

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company does not anticipate interest income on cash to contribute significantly to the operations and returns of the Company and is therefore minimally exposed to interest rate risk on assets.

Interest rates on debts payable are set at fixed rates reducing the Company's exposure to interest rate changes.

b) Foreign currency risk

The Company's investments and assets are located in a number of jurisdictions and therefore exposed to the currency movements of a number of currencies. In addition to the functional currencies of the Company and its subsidiaries, the Company is also exposed to the Brazilian Real and Argentinean Peso on its non-monetary investments which is the jurisdiction of the investments in the uncondensed consolidated interim subsidiaries of Craven House and Ceniako.

As at June 30, 2019, the Company's net foreign denominated monetary financial instruments are as follows:

	Foreign currency		Canadian dollar equivalent	
US dollar	US\$	(317,802)	\$	(415,909)
Euro	€	(47,995)	\$	(71,451)
South African Rand	R	364,500	\$	33,782

A fluctuation of 10% of the above note currencies against the Canadian dollar would have had an impact of \$45,356 on the net income (loss) for the period.

c) Other price risk

The Company's marketable securities is comprised of individual equities in publicly traded companies. The portfolio is not diversified against geography or industry and is therefore subject to fluctuations in equity markets as well as volatility in individual underlying equities. The Company's exposure to other price risk is assumed to be the value of the marketable securities which are held at FVPL. The Company does not have a specific policy with respect to investment or portfolio requirements.

14. CAPITAL MANAGEMENT

The Company defines capital as consisting of the components of shareholder's equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to manage the cost of capital at acceptable levels of risk.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.