



IMPERIAL GINSENG PRODUCTS LTD.

AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and June 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Imperial Ginseng Products Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Imperial Ginseng Products Ltd. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Matters

The consolidated financial statements of Imperial Ginseng Products Ltd. for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 21, 2023.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 28, 2024

Imperial Ginseng Products Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at June 30	Note	2024	2023
ASSETS			
Current			
Cash and cash equivalents		\$ 361,163	\$ 16,641,401
Receivables		407	550,936
Total current assets before assets held for sale		361,570	17,192,337
Non-current assets classified as held for sale	6	-	1,283,718
Total current assets		361,570	18,476,055
Investment	8	-	10
Total Assets		\$ 361,570	\$ 18,476,065
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 35,623	\$ 644,156
Income tax payable		-	129,037
Post-employment benefit obligation	9	-	367,161
Total current liabilities		35,623	1,140,354
SHAREHOLDERS' EQUITY			
Share capital	10	17,721,092	34,939,323
Contributed surplus		1,344,158	1,344,158
Deficit		(18,739,303)	(18,947,770)
Total shareholders' equity		325,947	17,335,711
Total Liabilities and Shareholders' Equity		\$ 361,570	\$ 18,476,065

On Behalf of the Board:

(signed) "Stephen McCoach"

Director, Stephen McCoach

(signed) "Maurice Levesque"

Director, Maurice Levesque

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

Imperial Ginseng Products Ltd.
Consolidated Statements of Comprehensive Income
(Expressed in Canadian Dollars)

For the years ended June 30,	Note	2024	2023
Revenues		\$ -	\$ 4,300,009
Cost of sales		-	4,249,486
Gross profit		-	50,523
Administrative expenses	11	(722,216)	(2,471,795)
Change in fair value of biological assets		-	372,067
Loss from operations before other items		(722,216)	(2,049,205)
Other items			
Finance income		490,345	402,133
Finance costs	12	(5,360)	(38,484)
Other income	5	33,333	245,813
Gain on disposition of property and equipment	7	484,902	3,359,215
Government program payments	13	-	2,385,550
Windup expenses	14	-	(221,369)
Write-down of inventories	15	-	(53,439)
Income before income taxes		281,004	4,030,214
Income tax expense	16		
Current		72,537	808,998
Deferred		-	304,000
		72,537	1,112,998
Net income for the year		\$ 208,467	\$ 2,917,216
Earnings per share:	17		
Basic		\$ 0.03	\$ 0.38
Diluted		0.03	0.38

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

Imperial Ginseng Products Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance, June 30, 2022	\$ 34,821,963	\$ 1,393,710	\$ (21,876,381)	\$ 14,339,292
Changes in the year:				
Net income	-	-	2,917,216	2,917,216
Prior year adjustment	-	-	11,395	11,395
Proceeds from stock options exercised	67,808	-	-	67,808
Cost of Stock options exercised	49,552	(49,552)	-	-
Balance, June 30, 2023	34,939,323	1,344,158	(18,947,770)	17,335,711
Changes in the year:				
Net Income	-	-	208,467	208,467
Dividend	(17,218,231)	-	-	(17,218,231)
Balance, June 30, 2024	\$ 17,721,092	\$ 1,344,158	\$ (18,739,303)	\$ 325,947

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

Imperial Ginseng Products Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended June 30,	2024	2023
Cash provided by (used in) operating activities:		
Net income	\$ 208,467	\$ 2,917,216
Adjustments for items not involving cash:		
Depreciation	-	110,071
Change in fair value of biological assets	-	(372,067)
Finance income	(490,345)	(402,133)
Finance costs	5,360	38,484
Gain on disposition of property and equipment	(484,902)	(3,359,215)
Write-down of inventories	-	53,439
Deferred taxes	-	304,000
Changes in non-cash working capital items:		
Cost of crops harvested	-	2,627,061
Crop costs, net of depreciation	-	(932,283)
Receivables and prepaids	550,529	(200,366)
Inventories	-	1,115,363
Accounts payable and accrued liabilities	(608,533)	(12,264)
Income tax payable	(129,037)	(48,163)
Post-employment benefit obligation	(372,521)	(822,097)
Net cash (used in) provided by operating activities	(1,320,982)	1,017,046
Cash provided by investing activities:		
Acquisitions of property and equipment	-	(3,444)
Proceeds from disposition of property and equipment	1,768,620	4,854,507
Return of capital on investments	10	-
Net cash provided by investing activities	1,768,630	4,851,063
Cash provided by (used in) financing activities:		
Finance income received	490,345	107,144
Dividend	(17,218,231)	-
Principal payments of lease liabilities	-	(14,902)
Interest paid on lease liabilities	-	(45)
Proceeds from stock options exercised	-	67,808
Net cash (used in) provided by financing activities	(16,727,886)	160,005
Increase (decrease) in cash and cash equivalents	(16,280,238)	6,028,114
Cash and cash equivalents, beginning of the year	16,641,401	10,613,287
Cash and cash equivalents, end of the year	\$ 361,163	\$ 16,641,401
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 260,537	\$ 857,125

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

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Imperial Ginseng Products Ltd. (the “Company”) was incorporated under the laws of the province of British Columbia in 1989. The Company’s common shares (“Common Share”) are listed on the TSX Venture Exchange (“TSXV”) under the stock symbol “IGP”. The Company’s registered address and records office are located at 1200 – 200 Burrard Street, Vancouver, British Columbia V7X 1T2. The head office and principal address of the Company is Suite 702, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

Until the year ended June 30, 2023, the Company’s principal business was cultivating and processing North American ginseng in Ontario and selling the dried ginseng to wholesalers in China. As disclosed in the audited annual financial statements for the prior year, after the Company completed the final harvest in the fall of 2022, it proceeded with the wind up of its farm operation, which was approved by shareholders at a special meeting held on August 15, 2023. With the completion of the wind up of the farm operation, the board of directors of the Company (the “Board”) decided that rather than dissolving the Company, it will preserve the value of the Company as a publicly traded corporation by maintaining it until a viable business alternative is identified.

In December 2023, the Company received TSXV’s approval of a cash dividend to shareholders of the Company. On December 20, 2023, the Board declared a cash dividend of \$2.25 per Common Share to the holders of record on January 12, 2024, which was settled on January 26, 2024.

As the Board is currently in the process of considering alternative business propositions and opportunities in hopes of securing new business lines, a potential reverse takeover or finding acquisition candidates looking for a publicly listed company, these financial statements have been prepared on the assumption that the Company is a going concern and management has concluded that the Company will continue to operate for at least 12 months after the reporting period.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements, including comparatives, are prepared in accordance with following the measurement, recognition and disclosure requirements of IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board on August 28, 2024.

(b) Basis of consolidation

These consolidated financial statements include the accounts of Canadian Imperial Ginseng Ontario Ltd. (“CIGO”), a wholly owned subsidiary through which the Company carried out the farming of ginseng. CIGO was dissolved on September 30, 2023. The Company had control over CIGO, where control is defined as the power to govern the financial and operating policies. Control is achieved when the Company has power over its subsidiaries, has exposure or rights to variable returns from the subsidiaries and has the ability to use its power to affect the amount of the returns.

(c) Basis of presentation and measurement

These consolidated financial statements have been prepared on a historical cost basis except for investments which are measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

3. Material accounting policy information

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash with banks that are readily convertible into known amounts of cash.

(b) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently carried at amortized cost less any provision for expected credit loss ("ECL"). ECL is recognized when there is no reasonable expectation of recovery of trade receivables. ECL is measured by applying the simplified approach as described under IFRS 9 and the amount of loss is written off in the consolidated statements of gain or loss.

(c) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use. The assets, immediately prior to their classification as held for sale, are measured at the lower of their carrying amounts and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

(d) Property and equipment

Property and equipment ("PP&E") are initially recognized at cost which includes all expenses directly attributable to bringing the asset to the location and working condition for its intended use. The PP&E was depreciated on a straight-line basis over the remaining useful life, less its estimated residual value.

PP&E are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

(e) Impairment of long-lived assets

The Company monitors the recoverability of long-lived assets, including property and equipment, based upon estimates using factors such as future asset utilization and business climate. An impairment loss is recognized in profit or loss, if an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value in use, which is the discounted future cash flows. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An annual impairment test at the cash-generating unit level will be performed when assessment on an individual asset basis is not applicable. If it is determined that the impairment loss recognized in the prior years has reduced, it is reversed to the extent of the amount initially recognized as a loss.

(f) Biological assets

The fair value of mature crops was measured using the discounted expected future cash flow method under which the expected future revenue less costs to complete and harvest is discounted to present value. The Company uses its weighted average cost of capital as the discount rate. At the point of harvest, the fair value of harvested crops is measured at market value less costs to dry.

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

3. Material accounting policy information (continued)

(g) Leases

At inception of a contract, the Company assesses whether it is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Except for short-term leases and leases of low-value assets, the Company recognizes a right-of-use asset and a corresponding lease liability with respect to all leases at the lease commencement date. Short-term leases are leases with a term of 12 months or less and payments for these leases are recognized on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of all the future lease payments and discounted using the Company's incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease liability is remeasured when there is a change in future lease payments arising from a change in rates or changes in the Company's assessment of whether it will exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Each lease payment is apportioned between an interest charge and a reduction of the lease liability. Interest charges are included in finance cost in the consolidated statements of comprehensive income (loss). Lease liability is subsequently increased by the interest charges and decreased when lease payments are made.

The right-of-use asset is initially measured at cost and is depreciated using the straight-line method throughout the lease term. The lease term includes periods covered by an extension option if the Company is reasonably certain that the option will be exercised. This determination is made on a lease-by-lease basis and reviewed periodically. The right-of-use asset may be adjusted for certain remeasurements of the corresponding lease liability.

(h) Revenue recognition

The Company evaluates the contractual arrangements it enters into in determining its performance obligations. When such performance obligations are concluded to be distinct from each other, the Company allocates the revenue to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account and revenue is recognized at an amount equal to the transaction price allocated to the specific obligation when it is satisfied.

(i) Cost of sales

Cost of sales includes crop costs, drying costs and depreciation charge on processing equipment. Crop costs are the fair value of the crops transferred from biological assets at the point of harvest. Drying costs are the cost to process the crops into dried ginseng root. Processing equipment is depreciated according to the Company's accounting policy.

(j) Other income

Revenues generated from activities that are not the Company's core business are treated as other income. Included in the other income is the fee received from Knightswood Holdings Ltd.

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

3. Material accounting policy information (continued)

(k) Government program payments

Government program payments are recognized at their fair value when received. The Company does not make an accrual for government program payments as entitlement to these payments depends on a number of factors that are not controllable by the Company.

(l) Share-based payments

Options and warrants granted to employees and others providing similar services are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period on a graded basis. Consideration received on exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

Options and warrants granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. The Company uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest, if applicable.

Options and warrants granted to non-employees are measured at fair value of the goods or services received, unless the fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

(m) Income taxes

Current taxes are recognized for the estimated income taxes payable for the current period. The tax rates used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period. Current tax assets and liabilities are offset only when there is a legally enforceable right of offset, and the Company intends either to settle on a net basis or to realize assets and settle liabilities simultaneously.

Deferred taxes are recognized for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax benefits can be utilized. Deferred tax assets and liabilities are offset only if they relate to income taxes levied by the same taxation authority and the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

(n) Earnings per share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during each period. Diluted earnings per share is calculated using the treasury stock method under which all options whose average price is less than or equal to the average share price for the period are assumed to be exercised and all convertible securities are converted at the average share price during the period, and that the Company will use the proceeds to purchase its common shares at the average market price during the period. The purchased shares reduce the number of shares issued upon exercise of the options and this net number of shares is included in the denominator when calculating diluted earnings per share. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the loss incurred.

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

3. Material accounting policy information (continued)

(o) Financial instruments

Financial assets

Financial assets are initially recorded at fair value and are measured subsequently into one of the following classifications:

(i) Amortized cost

Financial assets are measured subsequently at amortized cost using the effective interest rate method if they are acquired principally to collect contractual cash flows of principal and interest on specified dates. Interest income is recognized in profit or loss.

(ii) Fair value through other comprehensive income ("FVTOCI")

Financial assets are measured subsequently at FVTOCI if they are acquired to collect contractual cash flows of principal and interest on specified dates. FVTOCI classification is mandatory for certain debt instrument assets unless the option for FVTPL is chosen. Interest income from debt instruments, calculated using the effective interest rate method, and impairment gains or losses are recognized directly in profit or loss. Fair value gains or losses are recognized in other comprehensive income and classified to profit or loss on derecognition.

FVTOCI classification for equity investments is an irrevocable election at initial recognition. Dividends are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment. All other gains and losses are recognized in other comprehensive income and there is no reclassification on derecognition.

(iii) Fair value through profit or loss ("FVTPL")

Financial assets are measured subsequently at FVTPL if they do not meet the criteria for being measured at amortized cost or FVTOCI. Changes in fair value are recognized in profit or loss.

All financial liabilities are initially recorded at fair value and classified upon inception as either at amortized cost or fair value through profit or loss. After initial recognition, changes in fair value are recognized in profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The loss allowance, measured at an amount equal to the twelve month expected credit losses, is recognized as an impairment gain or loss in profit or loss.

Classification of financial instruments

The Company accounts for its cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities at amortized cost.

(p) New and amended IFRS pronouncements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1. Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date.

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements

June 30, 2024 and June 30, 2023

(Expressed in Canadian Dollars)

3. Material accounting policy information (continued)

(p) New and amended IFRS pronouncements (continued)

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any other standards that have been issued would have no or very minimal impact on the Company's annual consolidated financial statements.

4. Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on past experience and factors considered reasonable under the circumstances. Though these estimates and assumptions are reviewed on an ongoing basis, due to their uncertainty, material adjustments could be required in future periods. In preparing these financial statements, the Company applied the same critical accounting estimates and judgments disclosed in the Company's audited financial statements for the year ended June 30, 2023.

Going concern assessment

The assessment of whether the Company is to continue as a going concern involves management judgment in determining if the going concern assumption is still appropriate. Since the Company is no longer involved in the activity of buying and selling goods as at June 30, 2023, and the Board is currently in the process of considering alternative business propositions and opportunities in hopes of securing new business lines, a potential reverse takeover or finding acquisition candidates looking for a publicly listed company, these financial statements have been prepared on the assumption that the Company is a going concern as the Company will continue to operate for at least 12 months after the reporting period.

Determination of control of subsidiaries

The Company relies on its interpretation of the definition of control under IFRS in determining whether consolidation of the financial statements of the Company and its subsidiaries is required. In determining whether the Company controls its subsidiary, management assesses whether the Company has (i) power over the subsidiary; (ii) exposure, or rights, to variable returns from its involvement with the subsidiary and (iii) the ability to use its power over the subsidiary to affect those returns.

Fair value of biological assets

When determining the fair value of crops, management is required to make a number of estimates including future market prices and yields, costs to complete and harvest, and a discount rate to calculate the present value of future cash flows. These estimates are subject to volatility in market prices and a number of uncontrollable factors. These factors could significantly affect the fair value of the crops resulting in a material adjustment to the carrying amount in the future accounting periods.

Assessment of property and equipment

Property and equipment are depreciated over their useful lives, taking into account the residual value at the end of their useful life, and are written down if they are impaired. Management estimates the residual values, useful lives and impairment based on past experience with assets of similar nature and functions. Actual results could differ from these estimates.

Value and classification of non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Since it was determined that all the farm assets should be reclassified to held for sale from property and equipment, management was required to estimate their fair

Imperial Ginseng Products Ltd.

Notes to the Consolidated Financial Statements
June 30, 2024 and June 30, 2023
(Expressed in Canadian Dollars)

4. Critical accounting estimates and judgments (continued)

Value and classification of non-current assets held for sale (continued)

value as held for sale assets are measured at the lower of their carrying amounts and their fair value less costs to sell. The realizable value of these assets could differ significantly from management's estimates.

Income tax

Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of assets and liabilities, as well as accumulated tax losses. The Company estimates the timing of the reversal of these temporary differences and applies an applicable tax rate. Since there could be changes in the expected operating results or enacted tax rates and legislation, it might result in material adjustments to deferred tax.

5. Related party balances and transactions

Transactions with related parties are recorded at the amount agreed to by the related parties.

(a) Knightswood Holdings Ltd. (Knightswood) and Business Management Agreement

The Company had an agreement with ELCYC Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator") for the sole management of Knightswood (the "Knightswood Agreement"). Each Operator is owned and controlled by a director of the Company. The Knightswood Agreement has a term of five years expiring January 6, 2025 but may be terminated earlier either by mutual agreement or providing a 60-day written notice to the other party. By mutual agreement, the Knightswood Agreement was terminated on February 28, 2024. The Company transferred all the shares of Knightswood to an unrelated party, nominated by the Operator, for \$10.

Under the Knightswood Agreement, the Operator was solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator is entitled to all the cash surplus in Knightswood after paying a fixed annual fee of \$50,000 to the Company for holding the shares of Knightswood (the "Fixed Fee"). The Fixed Fee, which ceased on February 28, 2024, was due in four equal instalments at the end of each calendar quarter and paid by Knightswood directly to the Company. For the year ended June 30, 2024, the Company reported \$33,333 in other income (2023 - \$50,000). No amounts were outstanding from Knightswood at June 30, 2024 and June 30, 2023.

(b) Key management personnel compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board, executive officers and the president of its former subsidiary until June 30, 2023. Short-term benefits for key management personnel compensation consist of salaries, bonuses and medical benefits. Post-employment benefits are pre-determined lump-sum amounts payable at the end of the retention period. The Company does not provide any other long-term employee benefits. No stock options were granted during the financial years ended June 30, 2024 and 2023.

The table below summarizes the composition of key management personnel compensation for the years ended June 30, 2024 and 2023:

For the years ended June 30,	2024	2023
Short-term benefits	\$ 334,416	\$ 1,340,597
Post-employment benefits	97,839	778,106
	\$ 432,255	\$ 2,118,703

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6. Non-current assets held for sale

Upon completing the final harvest, the following assets were reclassified to held for sale from property and equipment as these assets are available for immediate sale in their present condition and the sale is highly probable. Under IFRS 5, held for sale assets are measured at the lower of their carrying amount immediately before reclassification and fair value less costs to sell. There are no non-current assets held for sale as on June 30, 2024.

As at June 30,	2024	2023
Land and buildings	\$ -	\$ 1,141,395
Farm equipment	-	142,323
	\$ -	\$ 1,283,718

7. Gain on disposition of property and equipment

During the year ended June 30, 2024, the Company completed the sale of all its farm assets for total for proceeds of \$1,768,620 resulting in a gain of \$484,902. The table below summarizes the gains made by the company from the dispositions of its assets in the years ended June 30, 2024 and 2023:

As at June 30,	2024	2023
Land, buildings and farm equipment	\$ 484,902	\$ 3,359,215

8. Investment

In 2020, the Company acquired all the issued and outstanding shares of Knightswood from an unrelated party for \$10. Knightswood is in the business of providing its subsidiaries a qualified investment, as defined in the *Income Tax Act* (Canada), for their debentures or debt securities. By mutual agreement, the Knightswood Agreement was terminated on February 28, 2024. The Company transferred all the shares of Knightswood to an unrelated party, nominated by the Operator, for \$10.

Until February 28, 2024, the Company had engaged the Operator for the sole management and finances of Knightswood (Note 5 (a)). Under the Knightswood Agreement, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. On the other hand, the Company does not have any right to any variable financial returns from the activities of Knightswood other than the Fixed Fee. The Company also has no rights, power, ability or obligation to direct the activities of Knightswood or be involved in any of the daily affairs, decision making, management or activities of Knightswood. As such, the financial results and position of Knightswood are not consolidated with the financial statements of the Company pursuant to the definition of control under IFRS.

9. Post-employment benefits

In 2021, the Company entered into a retention agreement with certain key employees. Under the retention agreement, each employee would receive a pre-determined lump-sum amount (the "Retention Payment") at the end of the retention period. The Retention Payment, which was approximately \$2.2 million in total, is discounted at 2% and amortized over the expected retention period. The present value of the Retention Payment is reported as a post-employment benefit obligation in the statements of financial position, with the corresponding expenses in administrative expenses and finance cost in the statements of comprehensive income (loss).

During the year ended June 30, 2024, \$462,500 of the Retention Payment was paid. At June 30, 2024, the undiscounted contractual obligation for Retention Payment was \$nil. The table below summarizes the present value of the Company's post-employment benefit obligation at June 30, 2024 and June 30, 2023.

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9. Post-employment benefits (continued)

As at	June 30 2024	June 30 2023
Balance, beginning of the year	\$ 367,161	\$ 1,150,819
Additions in the year:		
Benefits	92,479	933,603
Interest	5,360	38,439
	465,000	2,122,861
Less payments	(465,000)	(1,755,700)
Balance, being all current, end of the year	\$ -	\$ 367,161

10. Share capital

- (a) Authorized
- Unlimited number of common shares without par value
 - Unlimited number of convertible preference shares without par value

(b) Issued and outstanding

	Number of Common Shares	Amount
Balance, June 30, 2022	7,391,747	\$ 34,821,963
Shares issued upon exercise of stock options	260,800	117,360
Balance, June 30, 2023	7,652,547	34,939,323
Dividend	-	(17,218,231)
Balance, June 30, 2024	7,652,547	\$ 17,721,092

In December 2023, the Company received TSXV's approval of a cash dividend to shareholders of the Company and accordingly, the Board of Directors declared a cash dividend of \$2.25 per Common Share to the holders of record on January 12, 2024, which was settled on January 26, 2024. The total amount paid was \$17,218,231.

(c) Stock options

No stock options were granted, forfeited or cancelled during the years ended June 30, 2024 and 2023. During the year ended June 30, 2023, all the outstanding stock options were exercised and 260,800 Common Shares were issued. There were no outstanding stock options at June 30, 2024 and June 30, 2023.

11. Administrative expenses

For the years ended June 30,	2024	2023
Depreciation	\$ -	\$ 25,412
Operating expenses	136,790	134,379
Professional fees	121,402	127,539
Salaries ⁽¹⁾	464,024	2,184,465
	\$ 722,216	\$ 2,471,795

(1) Included in salaries for the year ended June 30, 2024 was post-employment benefits of \$92,479 (2023 - \$933,603) (Note 9).

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12. Finance costs

For the year ended June 30, 2024, finance cost included interest of \$5,360 on post-employment benefits (2023 - \$38,484).

13. Government Program Payments

During the year ended June 30, 2023, the Company applied for several government programs and received approximately \$2,400,000 as a result of the large decline in the Company's income due to the sharp decrease in ginseng prices since 2020. No government programs were applied for in the year ended June 30, 2024.

14. Windup Expenses

The Company completed the final harvest in the fall of 2022. The Company then proceeded with the wind up of its farm operation, which included the sale of the principal operating site and substantially all the farm equipment, and the dissolution of CIGO, a wholly owned subsidiary through which the Company carried out the farming of ginseng. For the year ended June 30, 2024, windup expenses paid by the company were \$nil. (2023 - \$221,369).

15. Inventories

During the year ended June 30, 2024, the Company had no inventory. The Company had sold all the dried ginseng inventory in the previous year ended, June 30, 2023. There was no write down of ginseng inventory and chemical inventory to its net realizable value during the year ended June 30, 2024 (2023 - \$ 53,439).

16. Income taxes

(a) Income tax expense

For the years ended June 30,	2024	2023
Current tax		
Current year	\$ -	\$ 809,037
Adjustments with respect to prior year	72,537	(39)
	\$ 72,537	\$ 808,998
Deferred tax		
Origination and reversal of temporary differences	\$ -	\$ 304,000
	\$ -	\$ 304,000
Income tax expense	\$ 72,537	\$ 1,112,998

(b) Reconciliation of income taxes

The following table reconciles income taxes calculated at statutory tax rate to the actual tax provision for the years ended June 30, 2024 and 2023:

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(b) Reconciliation of income taxes (continued)

For the years ended June 30,	2024	2023
Income before taxes	\$ 281,004	\$ 4,030,214
Statutory tax rate	27.09%	26.42%
Expected income tax expense	76,118	1,064,684
Increase (decrease) in income taxes resulting from:		
Change in unrecognized deferred tax assets (c)	(183,242)	157,963
Adjustments with respect to current tax of prior year	-	(39)
Non-deductible items	567	558
Others	179,094	(110,168)
Income tax expense	\$ 72,537	\$ 1,112,998

(c) Unrecognized deferred tax assets

Deferred tax assets are recognized to the extent that it is more likely than not that some portion or all of the tax benefits will be utilized. The ultimate recognition of deferred tax assets is dependent on the Company's ability to generate future taxable income. At June 30, 2024, deferred tax benefits of 317,000 were not recognized as it was not probable that future taxable income would be available against which these tax benefits could be utilized.

17. Basic and diluted earnings per share

For the years ended June 30,	2024	2023
Net income	\$ 208,467	\$ 2,917,216
Weighted average number of shares outstanding	7,652,547	7,602,352
Basic earnings per share	\$ 0.03	\$ 0.38
Weighted average number of shares outstanding	7,652,547	7,602,352
Effect of common share equivalents	-	-
	7,652,547	7,602,352
Diluted earnings per share	\$ 0.03	\$ 0.38

18. Financial instruments

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

- Level 1 - Quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices from observable market transactions either directly or indirectly; and
- Level 3 - Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company classifies and measures its cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities at amortized cost and their fair values approximate their carrying amounts due to their immediate or short-term nature.

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19. Financial risk management

Credit risk

The Company's primary credit risk is its receivables. The carrying amount of receivable represents the Company's maximum exposure to credit risk. At June 30, 2024 and 2023, the Company did not have any trade receivables. Other receivables consisted of input tax credits and accrued interest on guaranteed investments, on which the credit risks are minimal.

The Company may also have credit risk relating to cash and cash equivalents, which it manages by dealing with Canadian chartered banks. To minimize its exposure to credit risk, the Company places all its cash and cash equivalents in accounts which can be drawn on demand. At June 30, 2024, the carrying value of the Company's cash and cash equivalents was approximately \$361,163 representing the maximum exposure to credit risk of these financial assets.

Currency risk

The Company does not have any exposure to currency risk as all payments and receivables are in Canadian dollars.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations when they come due. At June 30, 2024, the Company had a working capital surplus of \$325,947. The Company believes that its exposure to liquidity risk is minimal.

The Company's contractual obligations include accounts payable and accrued liabilities and post-employment benefit obligation. The following table is a summary of contractual obligations and payments related to financial liabilities due as at June 30, 2024 and 2023. The amounts disclosed are contractual undiscounted cash flows.

As at June 30,	2024	2023
Contractual obligations		
Payables and accrued liabilities	\$ 35,623	\$ 644,156
Post-employment benefit obligation	-	367,161
	\$ 35,623	\$ 1,013,317