Sunora Foods Inc.

(formerly "Thoroughbred Capital Inc.")

Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2014

(Unaudited)

Sunora Foods Ltd.
(formerly "Thoroughbred Capital Inc.")
Condensed Interim Consolidated Balance Sheet
(amounts in Canadian dollars)
(unaudited)

Assets		**March 31, 2014**		**December 31, 2013 (audited)**
Current assets				
Cash	$	1,757,907	$	1,646,563
Accounts receivable (note 8 (c))		1,319,060		1,296,199
Income tax recoverable		16,851		15,713
Inventory (note 4)		463,766		707,362
Prepaids		16,352		17,271
		3,573,936		3,683,108
Deferred tax asset		165,229		165,229
	$	3,739,165	$	3,848,337
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 8 (d))	$	920,557	$	998,316
Customer deposits		-		18,522
		920,557		1,016,838
Shareholders' Equity				
Share capital (note 5)		1,400,816		1,400,816
Contibuted surplus (note 7)		86,157		40,256
Warrants (note 5)		480,021		480,021
Retained earnings		851,614		910,406
		2,818,608		2,831,499
	$	3,739,165	$	3,848,337

See accompanying notes to the condensed interim consolidated financial statements.

Sunora Foods Inc.
(formerly "Thoroughbred Capital Inc.")
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(amounts in Canadian dollars)
(unadited)

		Three months ended March 31, 2014
Sales	$	2,959,727
Cost of sales		2,852,527
Gross margin		107,200
Other		
General and administrative (note 8 (c))		152,744
Marketing and promotion		5,791
Bank charges and interest		2,939
Foreign exchange		(37,086)
Stock-based compensation		45,901
		170,289
Loss before income taxes		(63,089)
Income tax (recovery)		(4,297)
Net loss and comprehensive loss	$	(58,792)
Earnings (loss) per share - basic and diluted (note 5)		0.00

See accompanying notes to the condensed interim consolidated financial statements.

Sunora Foods Inc.
(formerly "Thoroughbred Capital Inc.")
Condensed Interim Consolidated Statements of Changes in Equity
(amounts in Canadian dollars)
(unaudited)

	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2013	42,254,332	$ 1,400,816	$ 480,021	$ 40,256	$ 910,406	$ 2,831,499
Stock based compensation (note 6)	-	-	-	45,901	-	45,901
Loss for the Period	-	-	-	-	(58,792)	(58,792)
Balance at March 31, 2014	42,254,332	$ 1,400,816	$ 480,021	$ 86,157	$ 851,614	$ 2,818,608

See accompanying notes to the condensed interim consolidated financial statements.

Sunora Foods Inc.
(formerly "Thoroughbred Capital Inc.")
Condensed Interim Consolidated Statement of Cash Flows
(amounts in Canadian dollars)
(unaudited)

		Three Months ended March 31, 2014
Net cash inflow (outflow) related to:		
Operating activities		
Net Income	$	(58,792)
Add (deduct) items not affecting cash		
Stock-based compensation		45,901
Change in unrealized foreign exchange on US dollar cash		(37,086)
		(49,977)
Changes in non-cash working capital		
Accounts receivable		(22,861)
Income tax recoverable		(1,138)
Inventory		243,596
Prepaids		919
Accounts payable and accrued liabilities		(77,759)
Customer deposits		(18,522)
		124,235
Cash inflow		74,258
Cash, beginning of period		1,646,563
Effect of exchange fluctuations on US dollar cash		37,086
Cash, end of period	$	1,757,907
Cash is comprised of:		
Cash held in Canadian dollars		1,379,133
Cash held in US dollars		378,774
	$	1,757,907

See accompanying notes to the condensed interim consolidated financial statements.

1. General business description

Sunora Foods Inc. ("Sunora" or the "Corporation"), formerly Thoroughbred Capital Inc. (“Thoroughbred”), is a trader of canola, olive and other food oils across Canada, the United States and internationally. Sunora is a publicly traded corporation, incorporated in Canada. The head office is located at 4616 Valiant Drive N.W., Calgary, Alberta, Canada, T3A 0X9.

Thoroughbred was incorporated under the Ontario Business Corporations Act on March 8, 2011 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of Thoroughbred was to identify and evaluate potential acquisitions or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and, if required, shareholders’ approval.

On December 17, 2013, Thoroughbred completed its Qualifying Transaction which was effected pursuant to an agreement between Thoroughbred and Sunora Foods Ltd. (“SFL”). Pursuant to the agreement, Thoroughbred acquired all of the issued and outstanding shares of SFL. The former shareholder of SFL received 3,000 common shares of Thoroughbred for each SFL common share held. Thoroughbred changed its name to Sunora Foods Inc. upon completion of the Qualifying Transaction.

In conjunction with the Qualifying Transaction, a private placement of 4,587,667 units, comprising shares and warrants was brokered. Simultaneously, investors in China subscribed to a non-brokered private placement for 1,666,665 units, comprising shares and warrants.

Upon closing of the transaction, the shareholder of SFL owned 71.00 % of the common shares of Thoroughbred and as a result, the transaction was a reverse acquisition of Thoroughbred by SFL. For accounting purposes, SFL was considered the acquirer and Thoroughbred the acquiree. Accordingly, the consolidated financial statements are in the name of Sunora Foods Inc. (formerly Thoroughbred), however are a continuation of the financial statements of SFL.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with *IAS 34 Interim Financial Reporting* (“IAS 34”) using accounting policies in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Certain information and disclosures normally included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted.

The condensed interim consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements as at and for the four month period ended December 31, 2013 and the notes thereto.

The condensed interim consolidated financial statement of loss and comprehensive loss, changes in equity and cash-flows have been prepared for the three-month period ended March 31, 2014, with no comparative information presented in accordance with Section 4.7(4) of National Instrument 51-102, as it is impracticable to present prior-period information.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 29, 2014.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on an historical cost basis, except for certain financial assets and financial liabilities, which are measured at fair value.

(c) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation and its wholly-owned subsidiary.

(d) Use of estimates and judgments

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may 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 years affected.

In preparation of the condensed interim financial statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidation financial statements as at and for the four-month period ended December 31, 2013.

3. Significant accounting policies

The condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the Corporation's December 31, 2013 consolidated financial statements except as noted below:

(amounts in Canadian dollars)

(a) Financial instruments

The Corporation adopted amendments to *IAS 32 Financial Instruments: Presentation* ("IAS 32") effective January 1, 2014. IAS 32 has been amended to clarify requirements for off-setting financial assets and liabilities. The amendment addresses the meaning and application of the concepts of legally enforceable right of set-off and simultaneous realization and settlement.

Adoption of this standard has no impact on the Corporation's financial statements.

(b) Impairment of assets

The Corporation adopted amendments to *IAS 36 – Impairment of Assets* ("IAS 36") effective January 1, 2014. IAS 36 has been amended to require disclosure of the recoverable amount of an asset (including goodwill) or a cash generating unit when impairment has been recognized or reversed in the period. When the recoverable amount is based on fair value less costs of disposal, the valuation techniques and key assumptions must also be disclosed.

Adoption of this standard has no impact on the Corporation's financial statements.

(c) Levies

The Corporation adopted *International Financial Reporting Interpretations Committee* ("IFRIC") 21 – *Levies* ("IFRIC 21") on the accounting for levies imposed by governments clarifies the obligating event that gives rise to a liability to pay a levy.

Adoption of this standard has no impact on the Corporation's financial statements.

4. Inventory

The cost of inventory recognized as an expense during the period and included in cost of sales was $2,585,173. The inventory on hand consists of finished goods including product available for sale in bulk as well as packaged product available for sale.

5. Share capital and warrants

(a) Authorized
Unlimited number of common shares
Unlimited number of preferred shares (issuable in series)

(b) Issued

Common shares	**Number**	**Stated Value**
Balance, December 31, 2013 and March 31, 2014	42,254,332	$ 1,400,816

(amounts in Canadian dollars)

(c) Net income per share

The weighted average number of common shares used in the calculation of net income per share is as follows:

	March 31, 2014
Basic	42,254,332
Diluted	42,254,332

(d) Shares in escrow

At March 31, 2014, a total of 27,000,000 common shares (December 31, 2013 27,000,000) were held in escrow pursuant to TSXV requirements. The remaining shares will be released from escrow every 6 months by instalments of 4,500,000 common shares.

(e) Warrants

	Number	Amount
Balance, December 31, 2013 and March 31, 2014	6,723,406	$ 480,021

The fair value of the agent's and finder's warrants granted during the period ended December 31, 2013 were estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Share price on the date of grant	$0.167
Exercise price	$0.15
Risk-free interest rate	1.11%
Expected volatility	100.00%
Expected life	2 years
Estimated dividend yield	0.00%
Estimated forfeiture rate	0.00%
Fair value per option	$0.09

(amounts in Canadian dollars)

The Corporation's expected volatility is based on volatility assumptions used by similar publicly-traded companies in the same industry, as well as management's expectation of future stock price fluctuations.

6. Stock-based compensation

The Corporation has a stock option plan for officers, directors, employees and consultants and has authorized a pool of options to acquire common shares, not to exceed 10% of issued and outstanding common shares. Under the plan, the Board of Directors set the exercise price and expiry date for each option grant.

For the three-month period ended March 31, 2014, the Corporation recorded stock-based compensation of $45,901 relating to stock options previously issued.

The fair of value of the previously issued options was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.09%
Expected volatility	100.00%
Expected life	7.69 years
Estimated dividend yield	0.00%
Estimated forfeiture rate	0.00%
Stock price	$0.167
Exercise price	$0.10
Fair value per option	$0.15

The following is a summary of the Corporation's outstanding stock options for the three-months ended March 31, 2014 and December 31, 2013:

	Number of options	Weighted Average Exercise Price	Expiry Date
Outstanding, as at December 31, 2013 and March 31, 2014	600,000	$0.10	August 25, 2021
Exercisable at March 31, 2014	600,000	$0.10	December 17, 2014 to August 25, 2021

During the three-months ended March 31, 2014, no options were granted, exercised, cancelled or forfeited.

7. Contributed surplus

The following summarizes changes in the Corporation's contributed surplus:

		March 31, 2014		**December 31, 2013**
Balance, beginning of period	$	40,256		-
Stock-based compensation (note 6)		45,901	$	40,256
Balance, end of period	$	88,171	$	42,269

8. Financial instruments

(a) Risk management

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. The Corporation employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, Sunora's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair values of accounts receivable, accounts payable and accrued liabilities and customer deposits approximate their carrying values due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on its Level 1 designation.

(amounts in Canadian dollars)

(c) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on credit risk applicable to certain accounts, historical trends and other relevant information. Management believes the risk is often mitigated by the size and reputation of the companies to which they extend credit. As at March 31, 2014, the Corporation's maximum exposure to credit risk for accounts receivable is $1,319,060. Accounts receivable include amounts that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	March 31, 2014	**December 31, 2013**
Current	$ 1,301,744	$ 1,287,774
60 - 90 days	15,265	6.927
Greater than 90 days	2,051	1.498
Accounts receivable	$ 1,319,060	$ 1,296,199

The accounts receivable balance is widely diversified with the exception of one customer that represents 26% of the accounts receivable balance at March 31, 2014 (December 31, 2013 – 33%).

During the period ended March 31, 2014, sales to one customer represents 32% of the Corporation's total sales.

Bad debt expense for the period ended March 31, 2014 was $1,266 which is included in general and administrative expenses.

The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings and monitors all short-term deposits to ensure an adequate rate of return. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity is impacted by various external events and conditions, including global economic conditions.

The financial liabilities on the consolidated balance sheet consist of accounts payable, accrued liabilities and customer deposits. The Corporation manages this risk through detailed monitoring of budgeted and projected operating results and cash requirements.

As at March 31, 2014, the Corporation considered $ Nil (December 31, 2013 - $9,778) of its accounts payable to be past due.

(e) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates will affect the Corporation's net earnings or the value of financial instruments and are largely outside the control of the Corporation. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. Primary market risks are as follows:

(i) Foreign currency risk

The Corporation is exposed to currency price risk on sales denominated in U.S. dollars and Singapore dollars to the extent that the receipt of payment of the U.S. and Singapore denominated accounts receivable are subject to fluctuations in the related foreign exchange rate.

The carrying amounts of the Corporation's monetary assets and liabilities denominated in foreign currency at March 31, 2014 and December 31, 2013 are as follows:

	Foreign Currency	March 31, 2014	December 31, 2013
Cash	USD	342,688	522,245
Accounts receivable	USD	752,683	651,127
Accounts receivable	SGD	80,905	92,131
Accounts payable	USD	(436,999)	(247,046)

A $0.01 increase in the U.S. to Canadian dollar exchange rate would have resulted in an decrease of $10,000 to net loss for the period ended March 31, 2014. A $0.01 increase in the Singapore to Canadian dollar exchange rate would not have a significant impact on the net loss for the period ended March 31, 2014.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is not exposed to significant interest rate risk as it's interest-bearing cash deposits have short-term maturities and it does not have any interest-bearing liabilities.

(amounts in Canadian dollars)

(f) Capital management

The Corporation optimizes its capital structure with a view to ensure a strong financial position to support its acquisition strategies. Sunora considers its capital structure to include shareholders' equity and the Corporation strives to maximize the value associated to share capital. Sunora's share capital will be used as a basis to raise additional capital to pursue acquisitions. The Corporation's ability to raise additional equity financing is impacted by external factors, including global economic conditions. The Corporation is not subject to externally imposed capital requirements and the capital management policy has not changed during the period ended March 31, 2014.

9. Segmented information

The Corporation operates in one segment. The Corporation determines the geographic location of revenues based on the location of its customers. All of the Corporation's assets are located in Canada. The Corporation's revenues are earned as follows:

		3 mths ended March 31, 2014
USA	$	1,636,727
Canada		759,991
Other		574,490
	$	2,971,207

10. Employee and executive compensation

Total employee wages and profit share bonuses recognized in general and administrative expenses were $39,962. The Corporation considers its key management personnel to be its Chief Executive Officer. The compensation paid to the key management personnel consisted of wages and profit share bonuses of $10,030.

11. Commitment

The Corporation is committed under a lease on its office premises expiring August 31, 2017 for future minimum rental payments, excluding estimated operating costs as follows:

2014	$	14,273
2015		20,069
2016		20,761
2017		13,841
	$	68,944