

Unaudited Interim Financial Statements of  
**FTI Foodtech International Inc.**  
September 30, 2017  
(Expressed in Canadian dollars)

# FTI Foodtech International Inc.

Statements of operations and comprehensive loss  
for the periods ended September 30,  
(Unaudited)  
(Expressed in Canadian dollars)

	Three Months Ended		Six Months Ended	
	Sept, 30		Sept, 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Revenue</b>				
Product sales and other	750	7,471	17,249	10,541
Cost of product sales	408	67	8,152	67
	342	7,404	9,097	10,474
<b>Expenses</b>				
General and administrative (Note 7)	28,935	18,097	30,313	29,728
Amortization of equipment	-	-	-	-
	28,935	18,097	30,313	29,728
<b>Net loss and comprehensive loss</b>	<b>(28,593)</b>	<b>(10,693)</b>	<b>(21,217)</b>	<b>(19,254)</b>
<b>Net loss per share (Note 8)</b>				
Basic and diluted	(0.002)	(0.001)	(0.002)	(0.002)
Weighted average number of shares outstanding - basic (Note 8)	12,445,563	12,445,563	12,445,563	12,445,563

The accompanying notes are an integral part of these financial statements

# FTI Foodtech International Inc.

## Statements of financial position

as at

(Unaudited)

(Expressed in Canadian dollars)

	Sept 30, 2017	March 31, 2017
	\$	\$
<b>Assets</b>		
Current		
Cash	1,910	7,992
Accounts receivable (Note 4)	85,899	111,669
Inventories	4,374	3,474
HST Input Credit	1,568	-
	<b>93,750</b>	<b>123,135</b>
Non-current		
Equipment (Note 5)	-	-
	<b>93,750</b>	<b>123,135</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	49,791	36,258
Advances from related company (Note 7)	255,762	277,462
	<b>305,553</b>	<b>313,720</b>
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,972,849	4,972,849
Share option reserve (Note 6)	307,587	307,587
Accumulated deficit	(5,492,239)	(5,471,021)
	<b>(211,803)</b>	<b>(190,585)</b>
	<b>93,750</b>	<b>123,135</b>

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

# FTI Foodtech International Inc.

## Statements of cash flows

for the period ended September/June 30,

(Unaudited)

(Expressed in Canadian dollars)

	Three Months Ended		Three Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Operating activities</b>				
Net income (loss) for the period	(28,593)	(10,694)	(21,217)	(19,255)
Item not affecting cash				
Amortization of equipment	-	-	-	-
	(28,593)	(10,694)	(21,217)	(19,255)
Changes in non-cash operating items				
Accounts receivable	34,235	6,892	24,202	3,528
Inventories	408	(583)	(900)	(1,317)
Advances to related company	(30,070)	1,682	(21,720)	1,505
Prepaid expenses and sundry receivables		-		-
Accounts payable and accrued liabilities	26,452	940	13,551	12,813
	31,025	8,932	15,134	16,529
Increase (Decrease) in cash	2,432	(1,762)	(6,083)	(2,725)
<b>Investing activity</b>				
Short-term investment	-	-	-	-
Effect of exchange rate changes on cash held in foreign currency	-	-	-	-
Increase (Decrease) in cash	2,432	(1,762)	(6,083)	(2,725)
<b>Cash, beginning of period</b>	(523)	5,955	7,992	6,917
<b>Cash, end of period</b>	1,910	4,192	1,910	4,192
Interest paid	-	-	-	\$ -
Income taxes paid	-	-	-	\$ -

The accompanying notes are an integral part of these financial statements

# FTI Foodtech International Inc.

Statements of changes in equity  
for the period ended September 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

	Share capital Number of shares	Share capital Amount	Share option reserve	Warrants	Accumulated deficit	Total
		\$	\$	\$	\$	\$
Balance at April 1, 2016	12,445,563	4,972,849	307,557	-	(5,476,096)	(195,690)
Net loss and comprehensive loss	-	-	-	-	(10,693)	(10,693)
Balance at Sept 30, 2016	12,445,563	4,972,849	307,557	-	(5,486,789)	(206,383)
Balance at April 1, 2017	12,445,563	4,972,849	307,587	-	(5,471,021)	(190,585)
Net loss and comprehensive loss	-	-	-	-	(21,218)	7,376
Balance at Sept 30 30, 2017	12,445,563	4,972,849	307,587	-	(5,492,239)	(183,209)

The accompanying notes are an integral part of these financial statements

# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited 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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## 1. NATURE OF OPERATIONS

FTI Foodtech International Inc. ("FTI" or "the Company") was incorporated on April 3, 1979 under the Canada Business Corporations Act, is listed on the TSX Venture Exchange ("TSXV") under the symbol FTI. The primary business of the Company is the resale of liquidation merchandise. The Company exchanges goods on Barter Exchanges such as the Trade Business Exchange, The Certificate Club and Barter Central Ontario for which transactions are tendered using Barter Exchange Dollars ("Barter Credits").

On June 23, 2017, the Company entered into a Memorandum of Understanding to acquire the total assets and business activities of iDroid Inc. ("iDroid"). The currently proposed transaction would have the Company acquire the total assets and business activities of iDroid by issuing to iDroid an initial block of common shares of FTI along with stock options issued to the directors of iDroid. Additionally, a second block of common shares of FTI will be held in escrow and will be released on a performance basis. Negotiations continue with iDroid, as such the details and figures of the transaction may change before signing the final agreement. When the Company enters into a definitive agreement with iDroid, trading will be halted as this will be deemed a material acquisition and subject to Exchange approval. On August 21, 2017, the Company signed an extension to the MOU until Dec 31, 2017 to allow additional time for due diligence.

On August 4, 2017, the Company received a Cease Trade Order from the British Columbia Securities Commission due to late filing of our Annual Financials and related materials. This Cease Trade Order was lifted on August 10, 2017.

The Exchange has placed the Company on Notice for transfer to NEX due to non-compliance with the Tier 2 Continued Listing Requirements ("CLR") for the TSX-V. They have granted FTI until December 31, 2017 to remedy its CLR deficiencies in order to avoid the transfer to NEX. The Company intends to meet the Tier 2 CLR by completing the acquisition of iDroid, or an equivalent project, and completing a private placement to meet the capital requirement.

On August 11, 2017, the Company announced that it intends to arrange a private placement for up to \$1,250,000. The proposed private placement would be a non-brokered offering of up to 5,000,000 units of the Issuer (the "Units"), at a price of \$0.25 per Unit. Each Unit will be comprised of one Common Share and one common share purchase warrant (a "Warrant"), with each Warrant being exercisable to acquire one Common Share at a price of \$0.40 per Common Share for a period of eighteen (18) months following the closing date of the private placement. The Company intends to use the proceeds for costs related to the acquisition of iDroid, to fund liquidation projects, to evaluate other opportunities, to cover the company's operating expenses and to reduce company debt.

The Company's registered address and principal place of business is 156 Abbeywood Trail, Toronto, Ontario, M3B 3B7.

## 2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

For the period ended September 30, 2017, the Company reported a net loss of \$28,593 (F2017 - net loss of \$10,693) and has an accumulated deficit of \$5,492,239 (F2017 - \$5,486,789). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and to obtain additional financing, the Company has successfully obtained financing in the form of advance from a related party in order to meet its working capital needs.

On August 11, 2017, the company announced a private placement (note 1) for up to \$1,250,000. However, there is no assurance that these initiatives will be successful and, as a result, there is significant doubt regarding the Company's ability to continue as a going concern.

# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## 2. GOING CONCERN (Cont'd)

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors of the Company on August 28, 2017.

### Functional Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

### Basis of Preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below.

### Cash

Cash consist primarily of cash on hand less outstanding cheques and demand deposits with banks.

### Barter Credits

The majority of the Company's business is conducted through the use of Barter Exchanges. Sales and purchases made through the Barter Exchanges result in the receipt and use of barter credits. The value of the barter credits are recorded at its recoverable value, which is assessed by management as a factor of the likelihood that the Company will redeem these credits and their ability to redeem these credits. Barter credits are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the value that would be received in exchange for the barter credits between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to utilization of the barter credits. Value in use is equal to the present value of future inflows expected to be derived from the barter credits.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in profit or loss.

### Inventories

Inventories comprising finished goods relate to liquidation merchandise, which are purchased for resale and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of goods held comprises the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### Revenue Recognition

Revenue from the resale of liquidation merchandise is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to wholesalers and retailers) and collectability is reasonably assured. Sale of liquidation merchandise through the Barter Exchanges results in the earning of barter credits which are measured at the fair value of the barter credits received or receivable. Liquidation merchandise is sold on an "As Is" basis. As such the Company's policy is not to allow for returns.

# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Share-based Payments

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to the statement of operations over the applicable vesting period, with an offsetting credit to share option reserve. Options granted to non-employees are measured at fair value of goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted. Such expense is also charged to the statement of operations at the date the options are fully vested, with an offsetting credit to share option reserve. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in share option reserve, is credited to share capital. Cash received on the exercise of stock options is recorded in share capital and the related compensation included in share option reserve is transferred to share capital to recognize the total consideration for the shares issued.

### Income Taxes

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

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

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

### Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on income per share. For the period ended September 30, 2017, no potential stock options are included in the computation as they are anti-dilutive.

### Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

### Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.



# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities. Critical estimates used in the preparation of these financial statements include, among others, the provision for doubtful accounts receivable, the recoverable value of barter credits, determination of the net realizable value of inventory, and the inputs used in the valuations of stock options issued.

Significant accounting judgments made by management include their assessment of whether the Company can continue to operate as a going concern, management's assessment of the presentation of the barter credits between current and non-current and management's assessment of whether the Company would generate future taxable profit to utilize their non-capital losses.

#### Financial Instruments

Financial assets are classified as fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), loans and receivables or available for sale ("AFS"). Financial liabilities are classified as fair value through profit or loss or as other financial liabilities. The Company does not have any financial assets classified as HTM or AFS and does not have any financial liabilities classified as FVTPL.

The following is a summary of the designations the Company has elected to apply to each of its significant categories of financial instruments outstanding as of September 30, 2017:

Cash	FVTPL
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Advances from a related company	Other financial liabilities

#### (a) Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL financial assets are measured at fair value, and changes, are recognized in profit or loss.

#### (b) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs incurred to acquire loans and receivables financial instruments are included in the underlying balance.

#### (c) Other Financial Liabilities

Other financial liabilities include all financial liabilities other than those classified as at fair value through profit or loss and are recognized at amortized cost using the effective interest method.

#### (d) Fair Value

Fair value measurements recognized in the balance sheet accounts or disclosed in the notes are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation techniques for inputs are unobservable.

As at September 30, 2017, the Company's cash was classified as Level 1.

### 4. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods after April 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following has not yet been adopted and is being evaluated to determine its impact on the Company. Pronouncements Effective for Annual Periods Beginning on or After January 1, 2018 IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company

# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## 4. RECENT ACCOUNTING PRONOUNCEMENTS (cont'd)

expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The Company is currently assessing the impact of adoption of a new standard.

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. Earlier application is permitted. The Company is currently assessing the impact of adoption of a new standard.

## 5. BARTER CREDITS

Barter credits are available through the Barter Exchanges in the amount of \$75,060 (F2017 - \$61,879) which are reflected net of a recovery (impairment) of \$76,404 (F2017 - \$(61,879)). The recovery (impairment) was recognized as the recoverable value of the barter credits was above/(below) the carrying amount of the barter credits. The barter credits can only be realized through the purchase of goods and services through these Barter Exchanges. Management is satisfied that a sufficient value of transactions will be completed through the Barter Exchanges to realize the value of this balance in the future.

## 6. SHARE CAPITAL

- (a) Authorized: Unlimited number of common shares without par value and preferred shares without par value  
(b) Stock options

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and approved by the TSX Venture Exchange in August 2008, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the option agreement. The aggregate number of common shares that may be reserved for issuance pursuant to options shall not exceed 10% of the outstanding common shares at the time of the granting of an option, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement.

The following table presents information concerning stock options granted by the Company:

	Number Of Options	Weighted Average Exercise Price
Beginning balance - March 31, 2015	550,000	\$0.10
Granted during the year 2016	700,000	\$0.10
Expired during the year 2016	(550,000)	\$0.10
Balance outstanding - March 31, 2017 and 2016	700,000	\$0.10
Balance outstanding - September 30, 2017	700,000	\$0.10

# FTI Foodtech International Inc.

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## 6. SHARE CAPITAL (cont'd)

The following table summarizes information about the Company's outstanding stock options at September 30, 2017:

Number of Options	Exercisable	Weighted Average Exercise Price	Expiry Date
200,000	200,000	\$ 0.10	February 4, 2018
500,000	500,000	\$ 0.10	February 4, 2019
700,000	700,000	\$ 0.10	

On February 4, 2016, 500,000 stock options were granted to directors of the Company and 200,000 stock options were granted to a consultant of the Company. The options granted to the consultant were measured at the fair value of the equity instruments granted as the fair value of services was not reliably measurable. For purposes of estimating the fair market value under the Black-Scholes option pricing model, the options were valued at \$47,410 and \$17,754, respectively. The following assumptions were used to estimate this figure: share price of \$0.10, exercise price of \$0.10, expected dividend yield of nil%; expected volatility of 224% (based on historical share prices); risk-free interest rate of 0.37%; and an expected average life of 3 years for the options granted to the directors and 2 years for the options granted to the consultants.

## 7. RELATED PARTY TRANSACTIONS

Advances from a related company are amounts due to a company with common control. These amounts are unsecured, non-interest bearing and due on demand. At September 30, 2017, the Company owed this corporation \$275,261 (F2017 - \$246,445).

In August 2017, the Company settled \$38,596.35 of advances from a related party with barter credits.

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to financial risks arising from its financial instruments. The financial risks include market risk relating to interest rates and foreign exchange rates, credit risk and liquidity risk.

### Fair Value

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.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and advances from a related company approximate their carrying values due to the short-term maturity of these instruments.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. At September 30, 2017 and 2016, the Company did not have any interest bearing financial assets or liabilities.

### Currency Risk

The Company's functional currency is the Canadian dollar. All of the company's cash is denominated in Canadian dollars. All of the Company's purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at period end. The Company is therefore not subject to any significant currency risks from operations.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable (other than barter credits).

The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable. As at September 30, 2017, the Company has net accounts receivable (other than barter credits) of \$15,437 (September 30, 2016 - \$8,717) that are over 90 days old with \$3,616 allowance for doubtful accounts (Sept 30, 2016 - Nil). The carrying value of these instruments represents the Company's maximum exposure to credit risk.

# **FTI Foodtech International Inc.**

Notes to the financial statements September 30, 2017

(Unaudited) (Expressed in Canadian dollars)

## **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)**

### **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 actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, seeking to obtain credit under banking arrangements and opportunities to issue additional Company shares. The financial obligations of the Company mature in one year or less.

## **9. CAPITAL MANAGEMENT**

The Company's capital structure is comprised of shareholders' deficiency including working capital. The Company's objectives when managing its capital is to maintain a conservative capital structure which will allow the Company to ensure that it has sufficient cash resources to fund ongoing operations and provide financial flexibility to execute on strategic opportunities. The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares or issue new debt. There were no changes to the Company's approach to capital management during the year.

## **10. SUBSEQUENT EVENTS**

On October 17, 2017, the TSX Venture Exchange completed their review of the Company and the Company resumed trading later that week.