

# Wamco Technology Group Ltd.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2016 and 2015

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Wamco Technology Group Ltd., are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Lisa McCormack", President  
Lisa McCormack

"Marco Guidi", CFO  
Marco Guidi

## NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and six months ended June 30, 2016 and 2015 have not been reviewed by the Company's auditors.

**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(expressed in Canadian dollars)

<b>As at,</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>ASSETS</b>		
<b>Current</b>	<b>\$</b>	<b>\$</b>
Cash (Note 10)	6,298	6,009
Trade and other receivables (Note 3)	1,706	1,633
	<b>8,004</b>	<b>7,642</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 4)	210,908	190,000
Due to related parties (Note 5)	7,500	7,500
	<b>218,408</b>	<b>197,500</b>
<b>EQUITY</b>		
Share capital (Note 6)	3,079,922	3,064,922
Contributed surplus (Note 7)	15,000	15,000
Deficit	(3,305,326)	(3,269,780)
	<b>(210,404)</b>	<b>(189,858)</b>
	<b>8,004</b>	<b>7,642</b>
Nature of Operations and Going Concern (Note 1)		

Approved on behalf of the Board:

"Joe Whipple" Director

"Lisa McCormack" Director

*The accompanying notes are an integral part of these unaudited interim condensed financial statements*

**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(expressed in Canadian dollars)

	<b>Three months ended June 30, 2016</b>	Three months ended June 30, 2015	<b>Six months ended June 30, 2016</b>	Six months ended June 30, 2015
<b>Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Consulting	-	-	-	10,000
Accounting, audit and legal	<b>22,907</b>	7,159	<b>26,550</b>	10,754
Filing and Transfer Agent Fees	<b>7,655</b>	4,185	<b>8,409</b>	5,035
General and administrative	<b>522</b>	62	<b>587</b>	84
<b>Net loss and comprehensive loss for the period</b>	<b>(31,084)</b>	(11,406)	<b>(35,546)</b>	(25,873)
<b>Loss per share</b>				
Basic and fully diluted	<b>(0.006)</b>	(0.002)	<b>(0.007)</b>	(0.005)
<b>Weighted average number of common shares outstanding</b>				
Basic and fully diluted	<b>5,085,208</b>	4,831,362	<b>4,958,285</b>	4,831,362

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**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(expressed in Canadian dollars)

	Share Capital		Reserves		Total
	Number of Shares	Amount	Contributed surplus	Deficit	
Balance at January 1, 2015	4,831,362	\$ 3,064,922	\$ 15,000	\$ (3,221,123)	\$ (141,201)
Total comprehensive loss for the period	-	-	-	(25,873)	(25,873)
<b>Balance at June 30, 2015</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,246,996)</b>	<b>\$ (167,074)</b>
Total comprehensive loss for the period	-	-	-	(22,784)	(22,784)
<b>Balance at December 31, 2015</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,269,780)</b>	<b>\$ (189,858)</b>
Private placement	300,000	15,000	-	-	15,000
Total comprehensive loss for the period	-	-	-	(35,546)	(35,546)
<b>Balance at June 30, 2016</b>	<b>5,131,362</b>	<b>\$ 3,079,922</b>	<b>\$ 15,000</b>	<b>\$ (3,305,326)</b>	<b>\$ (210,404)</b>

*The accompanying notes are an integral part of these unaudited interim condensed financial statements*

**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**  
(expressed in Canadian dollars)

<b>For the six month periods ended June 30,</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows used in operating activities</b>	<b>\$</b>	<b>\$</b>
Net Loss for the period	(35,546)	(25,873)
Changes in non-cash working capital accounts:		
HST recoverable	(73)	310
Accounts payable and accrued liabilities	20,908	23,250
Cash flows used in operating activities	(14,711)	(2,313)
<b>Cash flows from financing activities</b>		
Proceeds from private placement	15,000	-
Cash flows provided from financing activities	15,000	-
Net increase (decrease) increase in cash	289	(2,313)
Cash, beginning of period	6,009	5,565
<b>Cash, end of period</b>	<b>6,298</b>	<b>3,252</b>

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**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2016 and 2015**

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**1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS**

Wamco Technology Group Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on December 14, 1995. On September 1, 2011, the Company completed articles of amendment and continued the Company under the laws of the Province of Ontario. The Company's head office is located at 400 – 365 Bay Street, Toronto, ON, M5H 2V1. The Company's last operation was that of an online gaming website and wireless connectivity services. The business ventures were discontinued in the year ended December 31, 2003. The Company is currently seeking project opportunities.

As at June 30, 2016, the Company had a working capital deficiency of \$210,404 (December 31, 2015 – \$189,858 working capital deficiency), had not yet achieved profitable operations, had accumulated losses of \$3,305,326 (December 31, 2015 - \$3,269,780) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company will be able to acquire sufficient funds to cover planned operations throughout the next twelve month period by securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

**2. BASIS OF PRESENTATION**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**2.2 Basis of presentation**

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2015 annual financial statements.

## **2. BASIS OF PRESENTATION (continued)**

### **2.3 Recent accounting pronouncements**

#### **Adoption of New Standards**

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.

IAS 38 - Intangible Assets (“IAS 38”) and IAS 16 – Property, Plant and Equipment (“IAS 16”), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.

#### **New Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.



**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2016 and 2015**

**3. TRADE AND OTHER RECEIVABLES**

The Company's trade and other receivables arise from harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	June 30, 2016	December 31, 2015
	\$	\$
HST receivable	1,706	1,633
<b>Total trade and other receivables</b>	<b>\$ 1,706</b>	<b>\$ 1,633</b>

These trade and other receivables are outstanding for less than 30 days after filing the necessary government taxation returns.

At June 30, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 8. The Company holds no collateral for any receivable amounts outstanding as at June 30, 2016.

**4. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	June 30, 2016	December 31, 2015
	\$	\$
Less than 1 month	3,966	13,173
1 – 3 months	15,947	8,780
Over 3 months	190,995	168,047
<b>Total trade and other payables</b>	<b>\$ 210,908</b>	<b>\$ 190,000</b>

**5. RELATED PARTY TRANSACTIONS**

During the six month period ended June 30, 2016, \$6,000 (2015 - \$6,000) was charged for services by the Chief Financial Officer.

During the six month period ended June 30, 2016, \$nil (2015 - \$10,000) was charged for services by a director of the Company.

Amounts due to related parties represent amounts owing to directors for cash advances. The amounts are unsecured, bear no interest and have no specified terms of repayment. During the year ended December 31, 2014, \$7,500 was advanced by directors of the Company. As at June 30, 2016, \$7,500 (December 31, 2015 - \$7,500) is owing to directors for cash advances.

As at June 30, 2016, \$82,490 (December 31, 2015 - \$75,710) in amounts due to related parties was included in trade and other payables.

**WAMCO TECHNOLOGY GROUP LTD.**  
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**6. SHARE CAPITAL**

- (a) Authorized – 100,000,000 Common shares without par value  
10,000,000 Preferred shares without par value

**Common shares**

The issued and outstanding common shares are as follows:

	Number of Shares	Amount \$
<b>Balance, January 1, 2015 and December 31, 2015</b>	4,831,362	3,064,922
Private placement	300,000	15,000
<b>Balance, June 30, 2016</b>	<b>5,131,362</b>	<b>3,079,922</b>

On April 15, 2016, the Company closed a private placement for aggregate gross proceeds of \$15,000 through the issuance of 300,000 common shares of the Company at a price of \$0.05 per common share.

**7. CONTRIBUTED SURPLUS**

On December 3, 2003, the Company surrendered and cancelled all 1,500,000 performance escrow shares as a result of the disposal of a subsidiary company, reducing share capital and increasing contributed surplus by \$15,000.

**8. FINANCIAL INSTRUMENTS**

*Fair value*

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

*Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments as at June 30, 2016 include cash, trade and other receivables, trade and other payables and due to related parties. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**8. FINANCIAL INSTRUMENTS (*continued*)**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Interest rate risk*

The Company's cash includes bank deposits that are subject to floating interest rates. The Company's current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and HST recoverable included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits and cash held in trust with the Company's legal counsel, from which, management believes the risk of loss is remote. As at June 30, 2016, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to June 30, 2016. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at June 30, 2016 is the carrying value of cash and HST recoverable.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had current assets of \$8,004 (December 31, 2015 - \$7,642) compared to current liabilities of \$218,408 (December 31, 2015 - \$197,500). The ability of the Company to continue to pursue its activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2016, the Company had a working capital deficiency of \$210,404 (December 31, 2015 – \$189,858 working capital deficiency).

**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**9. CAPITAL MANAGEMENT**

The Company considers its capital to include components of equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be share capital, reserve accounts and deficit, which as at June 30, 2016 totaled a deficiency of \$210,404 (December 31, 2015 – \$189,858 deficiency).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue project opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to pursue project opportunities and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed.

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures.

The Company expects its capital resources will be sufficient to pursue project opportunities and carry out operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

**10. CASH**

Cash in the statement of financial position comprise cash at banks and in the Company's lawyer's trust account.