VALDOR TECHNOLOGY INTERNATIONAL INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017 and 2016

(Stated in US Dollars)

(Unaudited – Prepared by Management)

UNAUDITED FINANCIAL STATEMENTS: In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the six months ended June 30, 2017 and 2016.

VALDOR TECHNOLOGY INTERNATIONAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and December 31, 2016
(Stated in US Dollars)
(Unaudited - Prepared by Management)

	June 30, 2017	December 31, 2016
ASSETS		
Current		
Cash	$ 2,018	$ 6,434
Accounts receivable	43,460	27,103
Prepaid expenses and deposit	7,473	7,473
	52,951	41,010
Equipment – Note 5	2,432	3,190
Total Assets	$ 55,383	$ 44,200
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 493,817	$ 474,121
Loans payable – Note 6	43,068	32,771
Due to related parties – Note 7	916,952	772,095
Current portion of lease obligation – Note 12b	20,892	20,892
Convertible debentures – Note 8	309,011	296,820
Discontinued operations – Note 15	178,416	178,416
Total liabilities	1,962,156	1,775,115
SHAREHOLDERS' DEFICIT		
Equity portion of convertible debentures – Note 8	45,385	45,385
Share capital – Note 9	22,759,673	22,759,673
Contributed surplus	3,759,981	3,756,215
Accumulated other comprehensive income	84,224	134,842
Accumulated deficit	(27,900,751)	(27,771,112)
Attributable to parent	(1,251,488)	(1,074,997)
Non-controlling interest	(655,285)	(655,918)
Total Shareholders' Deficit	(1,906,773)	(1,730,915)
Total Liabilities and Shareholders' Deficit	$ 55,383	$ 44,200

Going Concern of Operations – Note 2b
Commitments – Notes 8 and 9c
Contingency – Note 14

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Elston Johnston"	Director	*"Brian Findlay"*	Director
Elston Johnston		Brian Findlay	

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
for the three and six months ended June 30, 2017 and 2016
(Stated in US Dollars)
(Unaudited - Prepared by Management)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Revenue – Note 11	$ 31,434	$ 35,178	$ 65,150	$ 64,302
Direct costs	1,129	4,609	1,859	7,700
	30,305	30,569	63,291	56,602
Expenses				
Administration and general – Schedule I	81,852	209,139	167,385	391,466
Amortization and depreciation	379	379	758	758
Marketing	-	69	-	271
Research and development	-	-	-	2,414
Interest and accretion – Note 8	9,408	13,795	20,333	26,817
Share-based payments – Notes 9 and 10	1,823	4,461	3,766	16,299
	93,462	227,843	192,242	438,025
Loss before other items	(63,157)	(197,274)	(128,951)	(381,423)
Other items:				
Income (expense)	(205)	-	(55)	-
Insurance proceeds	-	-	-	12,206
Net loss from continuing operations	(63,362)	(197,274)	(129,006)	(369,217)
Net loss from discontinued operations – Note 15	-	-	-	-
Net loss for the period	(63,362)	(197,274)	(129,006)	(369,217)
Other comprehensive income				
Exchange differences on translating into presentation currency	(41,074)	(5,599)	(50,618)	(74,796)
Total comprehensive loss for the period	$ (104,436)	$ (202,873)	$ (179,624)	$ (444,013)
Basic and diluted loss per share – Continuing operations	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Discontinued operations	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
All operations	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	113,542,220	113,417,220	113,542,220	113,134,686

Income (losses) attributable to:	For the three months ended June 30, 2017 – Shareholders of parent	Non-controlling interest	Total	For the three months ended June 30, 2016 – Shareholders of parent	Non-controlling interest	Total
Net income (loss) from continuing operations	$ (63,961)	$ 599	$ (63,362)	$ (195,090)	$ (2,184)	$ (197,274)
Net loss from discontinued operations	$ -	$ -	$ -	$ -	$ -	$ -
Net income (loss) for the period	$ (81,952)	$ 599	$ (81,353)	$ (195,090)	$ (2,184)	$ (197,274)
Total comprehensive income (loss) for the period	$ (123,026)	$ 599	$ (122,427)	$ (200,689)	$ (2,184)	$ (202,873)

	For the six months ended June 30, 2017 – Shareholders of parent	Non-controlling interest	Total	For the six months ended June 30, 2016 – Shareholders of parent	Non-controlling interest	Total
Net income (loss) from continuing operations	$ (129,639)	$ 633	$ (129,006)	$ (365,063)	$ (4,154)	$ (369,217)
Net loss from discontinued operations	$ -	$ -	$ -	$ -	$ -	$ -
Net income (loss) for the period	$ (129,639)	$ 633	$ (129,006)	$ (365,063)	$ (4,154)	$ (369,217)
Total comprehensive income (loss) for the period	$ (180,257)	$ 633	$ (179,624)	$ (439,859)	$ (4,154)	$ (444,013)

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2017 and 2016
(Stated in US Dollars)
(Unaudited - Prepared by Management)

	2017	2016
Operating Activities		
Net loss for the period from continuing operations	$ (129,006)	$ (369,217)
Charges to net loss not affecting cash:		
Amortization and depreciation	758	758
Accretion	1,856	7,124
Accrued interest	17,887	18,046
Unrealized foreign exchange loss	847	(268)
Share-based payments	3,766	16,299
	(103,892)	(327,258)
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(16,648)	21,987
Prepaid expenses and deposit	-	(30,328)
Accounts payable and accrued liabilities	(29,960)	1,162
Cash provided by (used in) operating activities – continuing operations	(150,500)	(334,437)
Cash provided by (used in) operating activities – discontinued operations	-	58,450
Cash flows used in operating activities from all operations	(150,500)	(275,987)
Financing Activities		
Due to related parties	144,803	270,384
Loans payable	1,322	(5,597)
Proceeds from issuance of common shares	-	19,273
Cash provided by (used in) financing activities – continuing operations	146,125	284,060
Cash provided by (used in) financing activities – discontinued operations	-	-
Cash flows provided by financing activities from all operations	146,125	284,060
Effect of unrealized foreign exchange gain (loss) on cash	(41)	128
Increase (decrease) in cash during the period	(4,416)	8,201
Cash, beginning of the period	6,434	881
Cash, end of the period	$ 2,018	$ 9,082

VALDOR TECHNOLOGY INTERNATIONAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIENCY

for the six months ended June 30, 2017 and 2016

(Stated in US Dollars)

(Unaudited - Prepared by Management)

	Share capital		Equity portion of convertible debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-Controlling Interest	Total
	Issued Shares	Amount						
Balance, December 31, 2015	113,042,220	$ 22,732,750	$ 45,385	$ 3,738,757	$ 158,366	$ (27,073,108)	$ (645,001)	$ (1,042,851)
Shares issued for cash:								
On exercise of share purchase options - at CDN$0.05	500,000	19,273	-	-	-	-	-	19,273
Fair value of stock options exercised	-	7,650	-	(7,650)	-	-	-	-
Share-based payments	-	-	-	16,299	-	-	-	16,299
Exchange differences on translating to presentation currency	-	-	-	-	(74,796)	-	-	(74,796)
Net loss for the period	-	-	-	-	-	(365,063)	(4,154)	(369,217)
Balance, June 30, 2016	113,542,220	22,759,673	45,385	3,747,406	83,570	(27,438,171)	(649,155)	(1,451,292)
Share-based payments	-	-	-	8,809	-	-	-	8,809
Exchange differences on translating to presentation currency	-	-	-	-	51,272	-	-	51,272
Net loss for the period	-	-	-	-	-	(332,941)	(6,763)	(339,704)
Balance, December 31, 2016	113,542,220	22,759,673	45,385	3,756,215	134,842	(27,771,112)	(655,918)	(1,730,915)
Share-based payments	-	-	-	3,766	-	-	-	3,766
Exchange differences on translating to presentation currency	-	-	-	-	(50,618)	-	-	(50,618)
Net income (loss) for the period	-	-	-	-	-	(129,639)	633	(129,006)
Balance, June 30, 2017	113,542,220	$ 22,759,673	$ 45,385	$ 3,759,981	$ 84,224	$ (27,900,751)	$ (655,285)	$ (1,906,773)

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations

The Company was incorporated under the British Columbia Company Act on March 19, 1984 and is publicly traded on the TSX Venture Exchange. The Company's principal business is manufacturing and marketing of fiber optic products.

The address of the Company's corporate office is 450 - 789 West Pender Street, Vancouver, BC V6C 1H2 and the Company's operations are at 3116 Diablo Avenue, Hayward, CA 94545-2702.

Note 2 Basis of Preparation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual consolidated financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2017.

b) Going Concern of Operations

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at June 30, 2017, the Company has not achieved profitable operations, has accumulated losses of $27,900,751 since inception and expects to incur further losses in the development of its business, and has a working capital deficiency of $1,909,205, all of which are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 Basis of Preparation – (cont'd)

c) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. 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. 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 future periods if the revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and available-for-sale financial assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements have been presented in US dollars.

Note 3 Summary of Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the preparation of the Company's annual audited consolidated financial statements for the year ended December 31, 2016.

The Company's significant accounting policies are disclosed in Note 3 to the annual financial statements and these condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2016.

New standards recently adopted

The Company has adopted the following new accounting amendment effective January 1, 2017. The change was made in accordance with the applicable transitional provisions and had no material impact on its financial statements.

Amendments to IAS 7 *Statement of Cash Flows*.

Note 3 Summary of Significant Accounting Policies – (cont'd)

Accounting standards issued but not yet applied

The following new standards and amendments are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements. The Company does not plan to early adopt any of these standards and amendments and is currently evaluating their potential impacts.

- IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets, and will replace 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 classification options available in IAS 39. This standard is effective for reporting periods beginning on or after January 1, 2018.

- IFRS 15 *Revenue from Contracts with Customers* provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

- IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 Leases. The standard replaces IAS 17 Leases and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019.

Note 4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Critical estimates which are most subject to uncertainty and have the most significant risk of resulting in a material adjustment to the carrying values of assets and liabilities within the next twelve months are as follows:

Note 4 Use of Estimates and Judgments – (cont'd)

a) Recoverability of accounts receivable and allowance for doubtful accounts

The Company provides allowances for doubtful accounts based on an assessment of the recoverability of account receivables. Allowances are applied to account receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable.

b) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, forfeiture rate, and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are included in the following notes:

a) Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in Note 2.

b) Functional currency

The analysis of the functional currency for each entity of the Company is a significant judgment. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of the US subsidiaries, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

(Stated in US Dollars)

Note 5 Equipment

	Office equipment	Machinery and equipment	Total
Cost			
Balance December 31, 2015 and 2016 and June 30, 2017	$ 4,967	$ 2,615	$ 7,582
Depreciation and impairment loss			
Balance December 31, 2015	$ 1,717	$ 1,159	$ 2,876
Depreciation	993	523	1,516
Balance, December 31, 2016	2,710	1,682	4,392
Depreciation	496	262	758
Balance June 30, 2017	$ 3,206	$ 1,944	$ 5,150
Carrying amounts			
Balance, December 31, 2016	$ 2,257	$ 933	$ 3,190
Balance, June 30, 2017	$ 1,761	$ 671	$ 2,432

The net carrying value of asset under capital lease as at June 30, 2017 and December 31, 2016 was $Nil.

Note 6 Loans payable

The loans payable are non-interest bearing, unsecured and due on demand.

Note 7 Due to Related Parties

Due to related parties, representing amounts due to current directors and officers of the Company and companies controlled by directors and officers, and are non-interest bearing, unsecured and are due on demand.

Note 8 Convertible Debentures

During the year ended December 31, 2014, the Company issued CDN$401,000 convertible debentures of which 20% of the principal amount of the debentures may be convertible into units consisting of one common share and one non-transferable share purchase warrant at CDN$0.10 of principal outstanding (i.e. up to 802,000 units may be issued upon conversion). Each warrant will have a term of three years from the date of issuance of the debentures and entitle the holder to purchase one common share. The non-transferable share purchase warrants are exercisable at the price of CDN$0.20 per share. The convertible debentures are unsecured, bear interest at 12% per annum and matured on February 18, 2017. The Company defaulted on the repayment. On initial recognition, the Company bifurcated CDN$49,710 to equity and CDN$351,290 to the carrying value of the loan, which will be accreted to CDN$401,000 over the term of the convertible debentures. During the six months ended June 30, 2017, the Company recognized accretion and interest of $19,743 (CDN$26,339) (June 30, 2016: $25,170 (CDN$32,041)). The effective interest rate of the debentures is 18%.

Note 9 Share Capital

a) Authorized:

Unlimited common shares without par value
50,000,000 preferred shares without par value

Nature and Purpose of Equity and Reserves:

The reserves recorded in equity on the Company's condensed interim consolidated statements of financial position include 'Contributed Surplus', 'Accumulated Other Comprehensive Income, 'Accumulated Deficit' and 'Non-Controlling Interest'.

'Contributed Surplus' is used to recognize the value of stock option grants prior to exercise and the allocated value of the warrants issued as part of unit issuances.

'Accumulated Other Comprehensive Income' is used to record the change in cumulative foreign currency adjustment on conversion from the functional currency of the parent company to the presentation currency.

'Accumulated Deficit' is used to record the Company's change in deficit from profits or losses from year to year.

'Non-Controlling Interest' is used to record the change in equity in subsidiaries not attributable, directly or indirectly, to the Company.

Note 9 Share Capital – (cont'd)

b) Issued:

Shares issued during the six months ended June 30, 2017

There were no shares issued during the six months ended June 30, 2017.

Shares issued during the year ended December 31, 2016

During the year the Company issued 500,000 common shares upon the exercise of share purchase options at CDN$0.05 per share for gross proceeds of CDN$25,000 ($19,273). The weighted average share price on the date of exercises was CDN$0.06.

c) Commitments:

Stock-Based Compensation Plan

The Company has established a formal stock option plan in accordance with the policies of the TSX-V under which it is authorized to grant options up to a maximum of 22,600,000 common shares to officers, directors, employees and consultants. The exercise price of each option is not less than the market price of the Company's stock on the trading day immediately before the date of grant. No option will be exercisable until it has vested. Options vest immediately unless a vesting schedule is imposed by the board, or unless the options are granted to an Eligible Person providing Investor Relations Activities to the Company, in which case a maximum of 25% of the options vest on a quarterly basis. The options are for a maximum term of ten years.

The Company has granted employees and directors common share purchase options. These options are granted with an exercise price in accordance with the stock option plan.

(Stated in US Dollars)

Note 9 Share Capital – (cont'd)

c) Commitments: – (cont'd)

Stock-Based Compensation Plan – (cont'd)

A summary of the status of the stock option plan as of June 30, 2017 and 2016 and changes during the years then ended on those dates is presented below:

	2017		2016	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	7,335,000	CDN$0.11	7,350,000	CDN$0.11
Granted	500,000	CDN$0.05	500,000	CDN$0.05
Exercised	(500,000)	CDN$0.05	(500,000)	CDN$0.05
Options outstanding at end of the period	7,335,000	CDN$0.11	7,350,000	CDN$0.11
Options exercisable at end of the period	6,285,000		5,250,000	

At June 30, 2017, the Company has 7,335,000 options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Outstanding	Exercisable	Exercise Price	Expiry Date
250,000	250,000	CDN $0.10	November 23, 2017
400,000	400,000	CDN $0.10	December 19, 2017
735,000	735,000	CDN $0.13	January 7, 2018
1,750,000	1,750,000	CDN $0.10	March 11, 2019
4,200,000	3,150,000	CDN $0.10	January 2, 2020
7,335,000	6,285,000		

As of June 30, 2017, the 7,335,000 options outstanding have a weighted average remaining contractual life of 2.18 (June 30, 2016 – 2.93) years.

Stock-based compensation charges are expensed for stock options granted and vested with a corresponding increase to contributed surplus. Upon exercise of stock options, consideration paid on the exercise of stock options and purchase of stock is credited to share capital.

(Stated in US Dollars)

Note 9 Share Capital – (cont'd)

c) Commitments: – (cont'd)

Stock-Based Compensation Plan – (cont'd)

During the six months ended June 30, 2017, the Company recorded stock-based compensation expense of $3,766 (June 30, 2016: $16,299) for stock options vested and cancelled during the year. The fair value of share purchase options granted was estimated on the grant date for options granted to employees and each vesting date for options granted to consultants using the Black Scholes option pricing model. The weighted average assumptions used in calculating fair value were as follows: $0.05 (June 30, 2016 - $0.03) share price on grant date, 0.48% (June 30, 2016 – 0.48%) risk free rate, 0% (June 30, 2016 – 0%) dividend yield, 85% (June 30, 2016 - 85%) expected annualized volatility, 3 years (June 30, 2016 – 3 years) expected stock option life and 30% (June 30, 2016 – 30%) forfeiture rate. Expected annualized volatility was estimated by reference to historical volatility of the Company with a comparable period in their lives.

Share Purchase Warrants

A summary of the status of share purchase warrants as of June 30, 2017 and 2016 and changes during the periods then ended on those dates is presented below:

	2017		2016	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance, beginning of the period	31,938,500	CDN$0.16	52,812,500	CDN$0.18
Expired	(20,202,000)	CDN$0.20	(20,874,000)	CDN$0.20
Balance, end of the period	11,736,500	CDN$0.10	31,938,500	CDN$0.16

At June 30, 2017, the Company has 11,736,500 share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Expiry Date
11,736,500	CDN $0.10	February 11, 2018
11,736,500		

(Stated in US Dollars)

Note 10 Related Party Transactions

The Company incurred the following expenses with related parties of the Company:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Administrative expenses				
Office and miscellaneous – secretarial services	$ -	$ 474	$ -	$ 1,203
Rent	5,020	4,925	10,120	9,843
Share-based payments	43	107	90	206
	5,063	5,506	10,210	11,252
Key management compensation				
Consulting fees	17,990	58,217	35,981	114,319
Management fees	15,618	16,287	31,483	31,588
Salaries, wages and benefits	-	-	-	18,000
Share-based payments	1,780	4,354	3,676	16,093
	35,388	78,858	71,140	180,000
	$ 40,451	$ 84,364	$ 81,350	$ 191,252

These transactions were measured by the amounts agreed upon by the related parties.

Note 11 Segmented Information and Economic Dependence

As at June 30, 2017, the Company only has one reportable segment.

During the six months ended June 30, 2017, the Company was economically dependent on one (2016: two) customer who accounted for more than 10% of revenue from continuing operations and in aggregate accounted for 84% (2016: 76%) of sales.

During the six months ended June 30, 2017 and 2016, all of the revenue from continuing operations are generated from the sale of products.

The Company's revenues are allocated to geographic segments for the three and six months ended June 30, 2017 and 2016 as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
United States of America	$ 29,696	$ 35,178	$ 59,242	$ 59,414
Asia	1,738	-	5,908	4,888
	$ 31,434	$ 35,178	$ 65,150	$ 64,302

(Stated in US Dollars)

Note 11 Segmented Information and Economic Dependence – (cont'd)

The Company's net income (loss) and total non-current assets are allocated to geographic segments as follows:

Net (losses) income

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Canada	$ (73,341)	$ (160,872)	$ (139,551)	$ (299,986)
United States of America	9,979	(36,402)	10,545	(69,231)
	$ (63,362)	$ (197,274)	$ (129,006)	$ (369,217)

	June 30, 2017	December 31, 2016
Canada	$ -	$ -
United States of America	2,432	3,190
Total non-current assets	$ 2,432	$ 3,190

Note 12 Financial Instruments

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – 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); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair values due to their short term nature.

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

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the condensed interim consolidated statements of financial position.

Note 12 Financial Instruments – (cont'd)

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at June 30, 2017, the Company has a working capital deficiency of $1,909,205. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

Future minimum annual lease payments due under lease obligation are as follows:

2016 (payments are in default)	$	14,775
2017		7,389
Total minimum lease payments		22,164
Less amount representing imputed interest of 6%		1,272
Balance of obligation		20,892
Current portion		20,892
Long-term portion	$	-

c) 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 company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

d) Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are carried out in the United States of America; however the majority of financing is carried out in Canada. The parent company's operations are in Canada and operate in Canadian dollars. As at June 30, 2017, accounts receivable of CDN$13,092, accounts payable of CDN$485,271, convertible debentures payable of CDN$401,000, and due to related parties of CDN$1,189,920, translated at USD$1 for every CDN$1.298. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the ultimate profitability of the Company. A 10% change in the exchange rate would change other comprehensive income/loss by approximately $200,000. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

Note 13 Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its main source of operating capital and the Company's capital resources are largely determined by the strength of the technology and telecommunications markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support.

The Company is not subject to any external capital requirements. There is no change to the Company's approach to capital management during the three months ended June 30, 2017.

Note 14 Contingency

The Company is required to file certain foreign reporting information tax returns, and may be exposed to interest and penalties, estimated by management to be $119,000. Management believes it is unlikely that any interest and penalties would be assessed once the Company files the forms to comply with the filing requirement, and accordingly has not accrued any amounts in the condensed interim consolidated financial statements.

The Company is contingently liable for the remaining unpaid $50,000 from Niagara Video Corp. to Viewcast Inc. in connection to the Compromise and Settlement Agreement as disclosed in Note 15.

Note 15 Discontinued Operations

On December 31, 2015, the Company sold the video streaming operations to Niagara Video Corp. ("Acquirer") for total consideration of $95,000 in cash less $32,000 which covered assumed liabilities.

The Company is entitled to a royalty of 1% of net sales from products sold by the Company to the Acquirer for a period of 2 years from closing up to a maximum of $500,000.

The Company will also receive 400,000 common shares of the Acquirer which equals to 20% of the initial equity.

Note 15 Discontinued Operations – (cont'd)

In addition, the Company entered into a Compromise and Settlement Agreement with the Acquirer and Viewcast, Inc. ("Viewcast"), the seller of Videoware assets to the Company whereby Viewcast agreed to release and discharge the Company from any and all claims, demands, actions or causes of action which Viewcast has or may have against the Company upon payment in full by the Acquirer as follows:

- $115,000 within 10 business days of closing of the asset purchase agreement (paid)
- $50,000 payable in monthly instalments of $5,000 starting April 1, 2016

In addition, Viewcast is entitled to a royalty of 3% of gross sales from products sold by the Acquirer for a period of 5 years beginning October 1, 2016 and will receive 200,000 shares of the Acquirer.

VALDOR TECHNOLOGY INTERNATIONAL INC. Schedule I

CONDENSED INTERIM CONSOLIDATED SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

for the three and six months ended June 30, 2017 and 2016

(Stated in US Dollars)

(Unaudited - Prepared by Management)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Consulting fees – Note 10	$ 17,990	$ 85,429	$ 35,981	$ 160,037
Entertainment and travel	201	1,911	271	2,603
Insurance, licenses and permits	-	161	-	225
Legal and accounting fees	19,754	28,916	24,337	37,320
Management fees – Note 10	15,618	16,287	31,483	31,588
Office and miscellaneous – Note 10	383	3,570	2,529	7,355
Rent – Note 10	8,020	16,893	16,120	34,913
Repairs and maintenance	3,153	531	4,907	810
Salaries, wages and benefits – Note 10	11,597	48,043	36,403	97,228
Stock exchange filing fees	1,760	1,843	5,689	6,091
Telephone and utilities	2,739	4,628	6,952	8,421
Transfer agent fees	637	927	2,713	4,875
	$ 81,852	$ 209,139	$ 167,385	$ 391,466