

Condensed Interim Consolidated Financial Statements of

FIRESWIRL TECHNOLOGIES INC.

For the three and nine months ended September 30, 2018 and 2017

(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Fireswirl Technologies Inc. (the "Company") have been prepared by the Company's management and have not been reviewed by the Company's independent auditors. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 which are available at the SEDAR website at www.sedar.com.

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	September 30 2018	December 31 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 64,529	\$ 349,943
Trade and other receivables	4	71,411	60,979
Deposits and prepayments		16,840	27,337
Total Current Assets		152,780	438,259
Investment		20,023	20,023
Property and equipment		10,758	18,697
Total assets		\$ 183,561	\$ 476,979
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 750,556	\$ 662,119
Due to related parties	7	165,803	176,536
Deferred revenue		45,775	21,672
Total liabilities		962,134	860,327
Shareholders' equity			
Common shares	5	8,233,881	7,933,881
Contributed surplus	5	3,729,835	3,722,331
Accumulated other comprehensive income		126,706	161,285
Accumulated deficit		(12,784,624)	(12,156,700)
Total equity attributable to shareholders of the Company		(694,202)	(339,203)
Non-controlling interest	6	(84,371)	(44,145)
Total equity		(778,573)	(383,348)
Total liabilities and shareholders' equity		\$ 183,561	\$ 476,979

Going concern assumption (Note 2)

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

On behalf of the Board of Directors

"Henry Au"

Director

"Ji Yoon"

Director

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Three months ended		Nine months ended	
		September 30		September 30	
		2018	2017	2018	2017
Operating revenue					
Service revenue		\$ 35,398	\$ 143,194	\$ 166,159	\$ 280,550
		35,398	143,194	166,159	280,550
Cost of sales					
		3,922	17,123	52,266	90,470
		31,476	126,071	113,893	190,080
Operating expenses					
General administration		184,926	416,763	724,138	1,510,731
Sales and marketing		9,612	34,833	57,162	130,322
		194,538	451,596	781,300	1,641,053
		(163,062)	(325,525)	(667,407)	(1,450,973)
Foreign exchange gain (loss)		732	316	3,736	(36,453)
Change of fair value on investment in XCXD		-	-	-	145,796
Loss on disposition of investment in XCXD	6	-	-	-	(113,028)
Interest and other income		48	6,794	266	2,692
Finance costs		-	(12,415)	(3,123)	(18,795)
Loss before income tax		(162,282)	(330,830)	(666,528)	(1,470,761)
Income tax expenses		-	-	-	-
Net loss for the period		(162,282)	(330,830)	(666,528)	(1,470,761)
Other comprehensive loss (income) to be reclassified to profit or loss in subsequent periods (net of tax)					
Exchange differences on translation of foreign operations		9,136	(15,733)	(36,201)	(1,012)
Net comprehensive loss for the period		\$ (153,146)	\$ (346,563)	\$ (702,729)	\$ (1,471,773)
Net loss for the period attributable to					
Common shareholders of the Company		\$ (152,248)	\$ (292,179)	\$ (627,924)	\$ (1,252,124)
Non-controlling interest	6	(10,034)	(38,651)	(38,604)	(218,637)
		\$ (162,282)	\$ (330,830)	\$ (666,528)	\$ (1,470,761)
Comprehensive loss for the period attributable to					
Common shareholders of the Company		\$ (144,319)	\$ (303,331)	\$ (662,503)	\$ (1,247,672)
Non-controlling interest	6	(8,827)	(43,232)	(40,226)	(224,101)
		\$ (153,146)	\$ (346,563)	\$ (702,729)	\$ (1,471,773)
Basic and diluted per share of					
Net loss from continuing operations attributable to common shareholders of the Company		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Net loss attributable to common shareholders of the Company		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares					
Basic and diluted		53,512,612	47,512,612	51,578,546	50,863,736

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

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Number of shares issued and outstanding	Share capital	Contribution surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets held for sale	Accumulated deficit	Total	Non- controlling interest	Total shareholders' equity
Balance at December 31, 2016	53,571,285	\$ 8,206,521	\$ 3,641,548	\$ 235,284	\$ 21,952	\$ (9,662,205)	\$ 2,443,100	\$ 1,222,696	\$ 3,665,796
Net loss for the period	-	-	-	-	-	(1,252,124)	(1,252,124)	(218,637)	(1,470,761)
Acquisition of AMZON	-	-	-	-	-	-	-	799,712	799,712
Share-based compensation	-	-	33,096	-	-	-	33,096	-	33,096
Loss of control on investment in XCXD	-	-	-	-	(21,952)	-	(21,952)	-	(21,952)
6,058,673 common shares received in treasury in connection with the disposition of XCXD	(6,058,673)	(272,640)	-	-	-	-	(272,640)	(1,222,696)	(1,495,336)
Exchange differences on translation of foreign operations	-	-	-	4,452	-	-	4,452	(5,465)	(1,013)
Balance at September 30, 2017	47,512,612	\$ 7,933,881	\$ 3,674,644	\$ 239,736	\$ -	\$ (10,914,329)	\$ 933,932	\$ 575,610	\$ 1,509,542
Net loss for the period	-	-	-	-	-	(1,242,371)	(1,242,371)	85,396	(1,156,975)
Acquisition of AMZON	-	-	-	-	-	-	-	(708,685)	(708,685)
Share-based compensation	-	-	47,687	-	-	-	47,687	-	47,687
Change in fair value of investment	-	-	-	(129,977)	-	-	(129,977)	-	(129,977)
Exchange differences on translation of foreign operations	-	-	-	51,526	-	-	51,526	3,534	55,060
Balance at December 31, 2017	47,512,612	\$ 7,933,881	\$ 3,722,331	\$ 161,285	\$ -	\$ (12,156,700)	\$ (339,203)	\$ (44,145)	\$ (383,348)
Net loss for the period	-	-	-	-	-	(627,924)	(627,924)	(38,604)	(666,528)
Shares issued pursuant to private placements	6,000,000	300,000	-	-	-	-	300,000	-	300,000
Share-based compensation	-	-	7,504	-	-	-	7,504	-	7,504
Exchange differences on translation of foreign operations	-	-	-	(34,579)	-	-	(34,579)	(1,622)	(36,201)
Balance at September 30, 2018	53,512,612	\$ 8,233,881	\$ 3,729,835	\$ 126,706	\$ -	\$ (12,784,624)	\$ (694,202)	\$ (84,371)	\$ (778,573)

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

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

	Nine months ended	
	September 30	
	2018	2017
OPERATING ACTIVITIES		
Loss before income tax for the period	(666,528)	(1,470,761)
Add (deduct) items not affecting cash:		
Depreciation and amortization	11,576	222,875
Share-based compensation	7,504	33,096
Change of fair value on investment in XCXD	-	(145,796)
Loss on disposition of XCXD	-	113,028
Interest and other income	(266)	(2,692)
Finance costs	3,123	18,795
Changes in non-cash working capital items:		
Trade and other receivables	(22,793)	(42,198)
Taxes recoverable	13,960	49,473
Due from/to related parties	48,926	170,245
Deposits and prepayments	10,669	112,169
Inventory	-	144,459
Accounts payable and accrued liabilities	62,839	61,244
Deferred revenue	23,271	-
	(507,719)	(738,928)
Interest received	266	2,692
Interest paid	(3,123)	(1,172)
Net cash flows used in operating activities	(510,576)	(737,408)
INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,246)	(1,585)
Acquisition of AZMON, net of cash received	-	(998,134)
Advances payment received relating to disposition of XCXD	-	416,550
Net cash flows used in investing activities	(3,246)	(583,169)
FINANCING ACTIVITIES		
(Repayment of) loan from a director loan	(77,120)	101,691
Shares issued for cash	300,000	-
Net cash flows from financing activities	222,880	101,691
Effect of exchange rate changes on cash and cash	5,528	(22,917)
Decrease in cash and cash equivalents	(285,414)	(1,241,803)
Cash and cash equivalents, beginning of period	349,943	1,785,867
Cash and cash equivalents, end of period	\$ 64,529	\$ 544,064

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

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2018 (unaudited)

Note 1 – Reporting Entity

Fireswirl Technologies Inc. (the “Company”) was founded in 1999 and became publicly listed in 2006. The Company through its subsidiaries focus on conducting e-commerce, including operating official online stores for international brands in China and reselling branded products on these online stores and online store content development and deployment. Starting in February 2017, the Company also commenced the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design.

The address of the Company’s registered office is 1000 - 925 West Georgia Street, Vancouver, British Columbia. The Company’s shares are listed on the TSX Venture Exchange under the symbol FSW.

Note 2 – Basis of Preparation

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 23, 2018.

b) Going concern assumption

These condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumptions were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement to financial position classifications.

For the three and nine months ended September 30, 2018, the Company incurred an operating loss of \$455,240 and \$666,528 respectively. As at September 30, 2018, the Company had an accumulated deficit of \$12,784,624 since inception.

The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. In the event that cash flow from operations, if any, together with the proceeds of any future financings, are insufficient to meet the Company’s current operating needs, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company’s best interest.

There is material uncertainty that the Company will be able to achieve profitable operations or continue raising funds in the future. These factors raise significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern.

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2018 (unaudited)

c) Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2017.

d) Financial instrument

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instrument (“IFRS 9”) using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities except for securities as described below. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

The Company designated its equity securities as financial assets at fair value through other comprehensive income (“FVTOCI”), where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be transferred into earnings (loss) upon disposition. As a result of this change, the net change in fair value of the equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to net earnings (loss) in the consolidated comprehensive income (loss). Realized gains and losses on securities derecognized prior to January 1, 2018 have not been restated in prior year comparatives.

e) Revenue recognition

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 18 – Revenue (“IAS 18”). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Company adopted the standard on January 1, 2018 using the full retrospective approach without applying any practical expedients.

IFRS 15 requires entities to recognize revenue when ‘control’ of goods or services is transferred to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the ‘risks and rewards’ of the goods or services are transferred to the customer. The Company concluded there is no change in the timing of revenue recognition relating to its service revenue under IFRS 15 compared to the previous standard. As such, no adjustment was required to the Company's financial statements.

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2018 (unaudited)

Note 3 – IFRS Standards Issued But not yet Effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the three and nine months ended September 30, 2018, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements.

a) IFRS 16, Leases (“IFRS 16”)

On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases*, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not have significant operating lease obligations as at September 30, 2018. The Company is still in the process of assessing the impact that these standards will have on its consolidated financial statements.

Note 4 – Trade and Other Receivables

	September 30	December 31
	2018	2017
Trade receivables	\$ 57,026	\$ 33,039
VAT/GST receivable	14,385	27,940
	\$ 71,411	\$ 60,979

Note 5 – Share Capital

a) Share capital

(i) Authorized:

Unlimited number of common shares, voting, without par value.
Unlimited number of preferred shares, issuable in series.

(ii) Issued and outstanding:

As at September 30, 2018, the Company had 53,512,612 (December 31, 2017 - 47,512,612) common shares issued and outstanding.

b) Private placements

In March 2018, the Company completed a non-brokered private placements, raising \$300,000 gross proceeds by issuing 6,000,000 common shares at a price of \$0.05 per share.

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2018 (unaudited)

c) Stock option plan

The Company has established the stock option plan under which stock options to purchase common shares may be granted to directors, officers and employees of the Company and to any other person or company permitted by the applicable regulatory authorities to purchase unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

As at September 30, 2018, options outstanding from the Company's stock option plan were as follows:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2016	2,800,000	0.06
Granted	1,300,000	0.05
Forfeited/expired	(250,000)	0.05
Balance, December 31, 2017	3,850,000	0.05
Forfeited/expired	(1,550,000)	0.05
Balance, September 30, 2018	2,300,000	0.05

For the three and nine months ended September 30, 2018, share-based compensation in the amount of \$nil and \$7,504, respectively (three and nine months ended September 30, 2017 – \$4,391 and \$33,096) was recognized as general administration expenses in the Company's consolidated statements of loss.

The following table summarizes information about stock options outstanding at September 30, 2018:

Options Outstanding				Options Exercisable	
Exercise Price (\$)	Number of options	Remaining contractual life (Years)		Number of options	Remaining contractual life (Years)
0.05	800,000	3.69		800,000	3.69
0.05	1,300,000	2.66		1,300,000	2.66
0.09	100,000	1.70		100,000	1.70
0.12	100,000	1.51		100,000	1.51
	2,300,000			2,300,000	

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 (unaudited)

Note 6 – Non-controlling Interest

As at September 30, 2018, non-controlling interest (“NCI”) represents the 40% interest in AMZON. The continuity of NCI is summarized below:

Balance, December 31, 2016	\$ 1,222,696
Non-controlling interest in connection with the acquisition of AMZON	91,027
Net loss attributable to non-controlling interest	(133,241)
Other comprehensive loss attributable to non-controlling interest	(1,931)
Derecognize XCXD as a result of lost of control	(1,222,696)
Balance, December 31, 2017	(44,145)
Net loss attributable to non-controlling interest	(38,604)
Other comprehensive loss attributable to non-controlling interest	(1,622)
Balance, September 30, 2018	\$ (84,371)

Note 7 – Related Party Transactions

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

a) Due to related parties

	September 30, 2018	December 31, 2017
Due to a director (i)	\$ -	\$ 77,120
Due to a director of AMZON (iii)	165,803	99,416
	165,803	176,536
Amounts due to related parties included in accounts payable (ii)	171,518	160,314
Total	\$ 337,321	\$ 336,850

- (i) As at September 30, 2018, amount due to a director of the Company was \$nil. As at December 31, 2017, amount due to a director was 77,120 (RMB4,000,000) represents a director loan. This loan was paid in full during the first quarter of 2018.
- (ii) Representing the amounts owing to the key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company’s executive officers and certain members of its Board of Directors. Amounts mainly represent director fee, salary and reimbursements payable.
- (iii) Amount due to a director of AMZON is unsecured, non-interest bearing and has no specific repayment date.

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2018 (unaudited)

b) Key management compensation

Key management includes directors (executive and non-executive), chief executive officer and chief financial officer of the Company. The compensation paid or payable to key management personnel during the three and nine months ended September 30, 2018 and 2017 is as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2018	2017	2018	2017
Salaries and fees				
- Salaries and consulting fees	\$ 75,000	\$ 96,875	\$ 225,000	\$ 291,875
- Director fees	4,000	7,333	12,000	45,333
	79,000	104,208	237,000	337,208
Share-based compensation	-	20,005	6,693	26,929
Total	\$ 79,000	\$ 124,213	\$ 243,693	\$ 364,137

Key management personnel were not paid post employment benefits or other long-term benefits during the three and nine months ended September 30, 2018 and 2017.

Note 8 – Segmented Information

Substantially all of the Company's revenues were generated in China and Hong Kong. Sales from two customers accounted for 81% of the Company's total sales for the nine months ended September 30, 2018.

The Company's long-term assets located in Canada and China as at September 30, 2018 are as follows:

September 30, 2018	China		Canada		Total
Property and equipment	\$ 7,281	\$	3,477	\$	10,758
Investment	-		20,023		20,023
Total	\$ 7,281	\$	23,499	\$	30,781

The Company's long-term assets located in Canada and China as at December 31, 2017 are as follows:

December 31, 2017	China		Canada		Total
Property and equipment	\$ 17,008	\$	1,690		18,697
Investment	-		20,023		20,023
Total	\$ 17,008	\$	21,713		38,720

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2018 (unaudited)

Note 9 – Financial Instruments

a) Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company's financial assets include (i) cash and cash equivalents and trade receivables which are classified as amortized cost and (ii) investment which is classified as FVTOCI. The Company's financial liabilities include accounts payable and accrued liabilities and due to related parties which are all classified as financial liabilities at amortized cost. The Company does not hold any financial instruments that are designated at FVTPL.

The fair values of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments. The fair value of the investment in EMP is measured based on review of the financial performance of EMP as at September 30, 2018 (level 3 in the fair value hierarchy). As at September 30, 2018, the Company did not have financial liabilities measured at fair value on a recurring basis.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalent, restricted cash, trade receivable and due from a related party.

The Company limits its exposure to credit risk on cash and cash equivalents and restricted cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and these consolidated financial statements take into account an allowance for bad debts. Maximum credit risk related to trade receivables amounted to \$57,026 at September 30, 2018 (December 31, 2017 - \$33,039).

There were no overdue trade receivables outstanding as at September 30, 2018 and collection is reasonably assured. As at September 30, 2018, there were three customers' receivable balances exceeding 10% of the total trade receivable balance representing 100% of the total trade receivable balance.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2018 (unaudited)

c) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its reporting currency for these consolidated financial statements. The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company is exposed to foreign exchange rate when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at September 30, 2018, the Company is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

d) Interest risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest risk as at September 30, 2018.

e) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

As at September 30, 2018, the Company had total debt in the amount of \$962,134 due within 12 months and \$809,354 of working capital deficiency.

Note 10 – Commitment

The Company also entered into a rental agreement for its office in China with future aggregate minimum lease payment of approximately \$3,403 expiring May 2019.

Note 11 – Capital Management

The Company has defined its capital as common shares, contributed surplus, accumulated other comprehensive income and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.