ORCA TOUCHSCREEN TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

#127016-2

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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Orca Touchscreen Technologies Ltd.

We have audited the accompanying consolidated financial statements of Orca Touchscreen Technologies Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2014 and 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Orca Touchscreen Technologies Ltd. as at December 31, 2014 and 2013 and its financial performance and cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matters
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
April 17, 2015

#127016-2

ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at December 31		2014		2013
ASSETS				
Current				
Cash	$	26,106	$	8,000
Prepaid expenses		60,179		-
		86,285		8,000
Investment (Note 5)		112,080		-
Intangible assets (Note 4)		50,000		-
	$	248,365	$	8,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	61,853	$	499
Due to related parties (Note 8)		8,000		
Short - term loan (Note 7)		110,929		-
		180,782		499
Shareholders' equity				
Share capital (Note 6)		368,500		11,500
Share subscription		-		8,000
Reserve (Note 6)		185,479		-
Deficit		(486,396)		(11,999)
		67,583		7,501
	$	248,365	$	8,000

Nature of operations and going concern (Note 1)
Subsequent events (Note12)

Approved and authorized by the Board:

"/s/ Jong Myung Choi" Director
Jong Myung Choi

"/s/ Jong Hyub Choi" Director
Jong Hyub Choi

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

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ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		December 31, 2014		For the period from incorporation on December 17, 2013 to December 31, 2013
EXPENSES				
Audit and accounting fees	$	28,181	$	-
Consulting fees (Note 8)		16,325		-
Cost of going public		11,700		-
Filing and regulatory		41,966		-
General and administrative		28,053		-
Interest expense (Note 7)		4,334		-
Legal fees		88,431		11,999
Management fees (Note 8)		36,878		-
Royalty payments (Note 4)		24,000		
Share-based payment (Notes 6 and 8)		185,479		-
Travel		9,049		-
Loss and comprehensive loss for the year	$	(474,396)	$	(11,999)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding	$	33,182,795	$	2,300,000

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

ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	December 31, 2014	For the period from incorporation on December 17, 2013 to December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (474,397)	$ (11,999)
Items not affecting cash		
Interest accrued	4,200	
Share based payments	185,479	-
Changes in non-cash working capital items:		
Prepaid expenses	(60,179)	-
Accounts payable and accrued liabilities	61,354	499
Due to related parties	8,000	
	(275,543)	(11,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	357,000	11,500
Loan payable	106,729	-
Share subscription	(8,000)	8,000
	455,729	19,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Intangible assets	(50,000)	-
Investment in joint venture	(112,080)	-
	(162,080)	-
Change in cash during the year	18,106	8,000
Cash, beginning of year	8,000	-
Cash, end of year	$ 26,106	$ 8,0000

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

ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from Incorporation on December 17, 2013 to December 31, 2014
(Expressed in Canadian Dollars)

	Share capital		Reserve			
	Number	**Amount**	**Share-Based Payments**	**Share Subscription**	**Deficit**	**Total**
Balance, at Incorporation December 17, 2013	-	$ -	$ -	$ -	$ -	$ -
Shares issued for cash (Note 6)	9,200,000	11,500	-	-	-	11,500
Share subscription received	-	-	-	8,000	-	8,000
Loss for the period	-	-	-	-	(11,999)	(11,999)
Balance, December 31, 2013	9,200,000	11,500	-	8,000	(11,999)	7,501
Shares issued for cash (Note 6)	22,800,000	114,000	-	(8,000)	-	106,000
Shares issued for cash (Note 6)	40,000	1,000	-	-	-	1,000
Shares issued for cash (Note 6)	2,000,000	50,000	-	-	-	50,000
Shares returned to treasury (Note 6)	(1,600,000)	(8,000)	-	-	-	(8,000)
Shares issued for cash(Note 6)	8,000,000	200,000	-	-	-	200,000
Share-based compensation (Note 6)	-	-	185,479	-	-	185,479
Loss and comprehensive loss for the year	-	-	-	-	(474,397)	(474,397)
Balance, December 31, 2014	40,440,000	$ 368,500	$ 185,479	$ -	$ (486,396)	$ 67,583

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

1. NATURE OF OPERATIONS

Orca Touchscreen Technologies Ltd. (the "Company" or "Orca Touchscreen") was incorporated on December 31, 2013 under the *Business Corporation Act* of British Columbia. The head office of the Company is 1500 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6.

These 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. At December 31, 2014, the Company has not achieved profitable operations and has accumulated losses of $486,396 since inception and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on 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, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements for the period ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on April 17, 2015.

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary Orca Mobile Solutions Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs.

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

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are the classification of financial instruments and the going concern assumption.

Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Cash

The Company's cash consists of amounts held in trust.

Basic and Diluted Loss Per Share

Basic losses per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. No potentially dilutive securities were issued during the period. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following three categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets or loans and receivable.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The Company's financial assets include cash and is classified as loans and receivable.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable. Subsequent to initial recognition, accrued financial liabilities are measured at amortized cost using the effective interest method. All are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of the available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets or liabilities.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Intangible assets

Intangible assets consist of touchscreen technology and patent acquired externally and are recorded at cost less accumulated amortization and impairment losses.

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounting standards issued but not yet applied:

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

IFRS 9 – *Financial Instruments* (effective January 1, 2018) 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.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. PLAN OF ARRANGEMENT

On January 6, 2014, the Company entered into an arrangement agreement which included a statutory plan of arrangement (the "Arrangement") with Gorilla Minerals Corp. ("Gorilla") and Orca Mobile Solutions Ltd. ("Orca Mobile"). Gorilla is a reporting issuer in the provinces of Alberta and British Columbia.

Pursuant to the Arrangement, the following principal steps were completed on March 6, 2014:

a) the Company acquired all the issued and outstanding shares of Orca Mobile from all shareholders of Orca Mobile through a 1-for-1 share exchange;
b) Orca Mobile acquired all issued and outstanding shares of the Company from Gorilla for consideration of $10,000 (the "Purchase Shares");
c) Gorilla issued 4 common shares to the Company and, in turn, the Company issued 4,000 common shares to Gorilla (collectively, the "Exchange Shares"); and
d) the Purchase Shares and the Exchange Shares were then cancelled.

Following closing of the Arrangement, the Company became a reporting issuer in Alberta and British Columbia.

As a result of the Arrangement, the former shareholders of Orca Mobile, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As Orca Mobile is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on December 17, 2013 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of Orca Mobile in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from March 6, 2014 onwards. At the time of the execution of the Arrangement, the Company had no net identifiable assets. Accordingly, no reverse acquisition transaction costs were recognized.

4. INTANGIBLE ASSETS

On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation ("Sollensys"), a company based in South Korea.

In accordance with these agreements, the Company acquired:

I. Sollensys' apparatus for folding and laminating touch sensor panels to produce touchscreens and the related patent for $50,000 (paid);
II. an exclusive 6-year worldwide license to use all of Sollensys' technology and patents for consideration of a royalty payable as to
    - 10% on gross revenues received from the patents and
    - 80% of the net revenues received by from the sale of Sollensys products sold by the Company.

Royalty payments are due on the last day of December each year during the term and are payable $4,000 per month on the first day of each month beginning July 1, 2014 as a guaranteed advance payment of the royalty.

During the year ended December 31, 2014, the Company incurred $24,000 in royalty payments pursuant to the terms of the agreement and advanced another $38,708 towards future royalty payments.

Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and another of Sollensys' senior officers and directors is Seong-Mo (Kevin) Jeong, a director of the Company (Note 8).

5. LETTER OF INTENT

On September 30, 2014, the Company entered into a non-binding letter of intent with Sollensys and Mr. Carlos Fernando Rivers Sandoval, governing the proposed incorporation of a Guatemala joint venture company called Sollen-Mobile SA for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen-Mobile is proposed to be US$300,000, of which the Company paid US$100,000 ($112,080 CDN) for its proposed one-third share of the investment. The Company is currently working towards a definitive agreement for the project.

6. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

On July 11, 2014, the Company completed a four-for-one forward stock split. The Company executed the forward split using the push-out method whereby the shareholders on record as of July 11, 2014 kept the share certificates they then held and were issued additional shares. All references herein to numbers of shares and per-share amounts have been retroactively restated unless stated otherwise.

i. On December 17, 2013, the Company issued 9,200,000 common shares at a price of $0.001 per common share for gross proceeds of $11,500.
ii. On February 28, 2014, the Company issued 22,800,000 common shares at a price of $0.005 per common share for gross proceeds of $114,000.
iii. On March 3, 2014, the Company issued 40,000 common shares at a price of $0.025 per common share for gross proceeds of $1,000.
iv. On April 11, 2014, the Company issued 2,000,000 common shares at a price of 0.025 per common share for a total value of $50,000.
v. On April 28, 2014, 1,600,000 common shares of the Company were cancelled and returned to treasury, and $8,000 refunded to the investor.
vi. On June 10, 2014, the Company issued 8,000,000 common shares were issued for $0.025 per share for gross proceeds of $200,000;

c) Escrow Agreement

Pursuant to a stock restriction agreement, the transfer of 8,902,000 common shares of the Company was restricted. The restricted shares are released from such restrictions at 10% on the CSE listing date (being June 13, 2014) and an additional 15% every six months thereafter with the final tranche being released on June 13, 2017. As at December 31, 2014, 6,676,500 common shares of the Company are subject to transfer restrictions.

d) Stock options

On July 15, 2014, the Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire, in the aggregate, up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of five years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the greater of the closing market prices of the common shares on (i) the trading day prior to the date of grant and (ii) the date of grant, pursuant to Canadian Securities Exchange Policy 6.

(Expressed in Canadian Dollars)

On July 15, 2014, the Company granted 600,000 stock options at an exercise price of $0.80 expiring on July 15, 2016 to its director and officers. These stock options vest at 25% every three months following the date of grant, with the first vesting on October 15, 2014. During the year ended December 31, 2014, the Company recorded $185,479 of share based compensation on the vested stock options. The fair value of the options was determined using the Black Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.1% Dividend yield of $Nil; Expected volatility of 100%; Expected life of 1.54 – 1.75 years.

Details of stock options activities for the year ended December 31, 2014 is as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2013	-	-
Granted	600,000	$0.80
Balance outstanding, December 31, 2014	600,000	$0.80
Balance exercisable December 31, 2014	448,505	$0.80

The weighted average remaining life is 1.79 years.

d) Warrants

The Company has no share purchase warrants outstanding.

f) Reserve

The Company's equity reserve is entirely comprised of share-based payments.

7. SHORT-TERM LOANS

During 2014, a total of $92,000 USD ($106,729 CDN) in short-term loans were received by the Company from its directors and the person related to the officer of the Company to fund the proposed joint venture in Guatemala (Note 5).

During 2014, the Company received $40,000 USD from one of its directors and $10,000 USD from a person related to an officer of the Company. The loans bear interest at 25 percent per annum, are unsecured and are for a term of 2 months. As of December 31, 2014, interest of $2,911 USD ($3,377 CDN) was accrued.

In October 2014, the Company received $42,000 USD from a director of the Company. The loan bears interest of 8 percent per annum, is unsecured and payable on demand. As of December 31, 2014, interest of $709 USD ($822 CDN) was accrued.

Subsequent to December 31, 2014, all loans and accrued interest were paid.

8. RELATED PARTY TRANSACTIONS

Related party transactions are comprised of services rendered by directors and/or officers of the Company and a company controlled by a former officer of the Company. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

1. Key management personnel are the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

    - Paid or accrued management and consulting fees of $36,878.

As at December 31, 2014 $8,000 (2013 - $Nil) is due to an officer of the company for unpaid management fees.

2. On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation ("Sollensys"), a company based in South Korea. Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and

(Expressed in Canadian Dollars)

another of Sollensys' senior officers and directors is Seong-Mo (Kevin) Jeong, a director of the Company (Note 4).

During 2014, the Company paid Sollensys $50,000 for an apparatus for folding and laminating touch sensor panels to produce touchscreens and its related patent, and advanced Sollensys a total of $62,708 in royalty payments.

3. During 2014, a total of $92,000 USD in short-term loans were received by the Company from certain of its directors and a person related to an officer of the Company to fund the proposed joint venture in Guatemala (Notes 5 and 7). As of December 31, 2014, interest of $4,199 was accrued. Subsequently, all the principal of these loans and related interest was paid.

9. INCOME TAX

The difference between tax expense for the periods and the expected income taxes based on the statutory tax rate arises as follows:

	2014	2013
	$	$
Net loss for the period	(474,396)	(11,999)
Expected tax recovery at a combined federal and provincial rate of 26% (2013 - 25%)	(123,343)	(3,000)
Net adjustments for deductible and non-deductible items	48,225	-
Tax benefit not recognized	75,118	3,000
Deferred income tax recovery	-	–

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	2014	2013
	$	$
Non-capital loss carry forwards	78,238	3,000
Total unrecognized deferred tax assets	78,238	3,000

Management had determined that the realization of the potential income tax benefits related to the non-capital losses is uncertain at this time, and cannot be viewed as more likely than not. Accordingly, the Company has recorded the potential deferred income tax asset.

At December 31, 2014, the Company has Canadian non-capital losses of $300,916 (2013 - $11,999) which, if not utilized to reduce income in future periods, expire through 2034.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and loans payable approximate their fair value because of the short-term nature of these instruments.

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.

Financial risk factors

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of $26,106 to settle current liabilities of $180,782.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going developments of its technology, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future development of its technology, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and the success of its technology. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and short-term investments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of GST receivable from the Government of Canada. The Company has been successful in recovering input tax credits and believes credit risk with respect to receivables to be insignificant.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

   The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The majority of the Company's planned business is conducted in South Korea in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

c) Price risk

The markets for touchscreens are fragmented, highly competitive and rapidly changing. With the introduction of technological advances and new entrants into these markets at a rapid pace, we expect competition to intensify in the future, which could harm our ability to develop a customer base for the Products and begin generating revenue.

11. CAPITAL MANAGEMENT

The Company considers capital to be an element of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the sale and distribution of its products. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

On January 23, 2015, the Company closed a private placement of 1,037,382 common shares at a price of $0.50 for gross proceeds of $518,691. The shares are subject to a 6-month hold period from the closing date.

On January 26, 2015 the Company announced a private placement of up to 10,000,000 units of the Company at a price $0.56 per unit for gross proceeds of up to $5,600,000. Each unit will be comprised of one common share and one-half warrant. Every whole warrant will be exercisable into one common share of the Company at an exercise price of $0.70 for 5 years.

On March 12, 2015, the Company entered into a service agreement with a private equity and venture capital firm based in Singapore (the "Firm") pursuant to which the Firm will provide business development services at a rate of CAD$85,000 per month for the first nine months and CAD$5,000 per month for each month thereafter. The initial term of the agreement is three years, unless terminated by either party on thirty days' written notice. The Company has advanced CAD$750,000 to the Firm as payment for services.