ORCA TOUCHSCREEN TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ORCA TOUCHSCREEN TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 19,470	$ 384,829
Restricted cash	5,750	5,750
Accounts receivable	17,953	15,089
Prepaid expenses (Note 4 and 12)	82,691	137,157
	125,864	542,825
Loan receivable (Note 3)	200,000	100,000
Intangible assets (Note 4)	38,343	40,674
Investment (Note 5)	112,080	112,080
	$ 476,287	$ 795,579
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 55,273	$ 44,883
Due to related parties (Note 9)	19,127	2,645
	74,400	47,528
Shareholders' equity		
Share capital (Note 8)	3,576,727	3,080,976
Share subscription (Note 12)	526,870	926,901
Reserve (Note 8)	1,046,978	1,014,666
Deficit	(4,748,688)	(4,274,492)
	401,887	748,051
	$ 476,287	$ 795,579

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized by the Board:

/s/ "Soo Rae Park"	Director	*/s/ "Yong Chul Kim"*	Director
Soo Rae Park		**Yong Chul Kim**	

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

ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31,	
	2016	2015
EXPENSES		
Amortization of intangible asset	2,331	-
Audit and accounting fees	4,500	15,956
Business development (Note 6)	184,600	170,000
Consulting fees	143,708	-
Filing and regulatory	11,287	9,676
General and administrative	1,934	29,547
Interest expense (recovery)	-	(874)
Investor relations (Note 7)	6,000	12,000
Legal fees	30,582	59,797
Management fees (Note 9)	24,000	11,500
Royalty payments (Note 4 and 9)	12,000	12,000
Share-based payment (Note 8)	22,067	30,566
Travel	31,187	6,995
Loss and comprehensive loss for the year	(474,196)	(357,163)
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares outstanding	53,445,231	41,212,273

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

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

	Three months ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(474,196)	(357,163)
Items not affecting cash:		
Interest accrued on short-term loan	-	(874)
Amortization of intangible assets	2,331	-
Share based payments	22,067	30,566
Changes in non-cash working capital items:		
Accounts receivable	(2,864)	(3,312)
Prepaid expenses	54,466	(711,132)
Accounts payable and accrued liabilities	10,390	(46,135)
Due to related parties	16,482	(6,000)
	(371,324)	(1,094,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements - shares	605,786	518,691
Proceeds from private placements - warrants	10,245	-
Share issue costs	(110,035)	-
Loan payable	-	(56,910)
Share subscription	(400,031)	795,510
	105,965	1,257,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable	(100,000)	-
	(100,000)	-
Change in cash during the year	(365,359)	163,241
Cash, beginning of year	384,829	26,106
Cash, end of year	$ 19,470	$ 189,347

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

ORCA TOUCHSCREEN TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended March 31, 2015

	Share capital										
	Number		**Amount**		**Reserve**		**Share Subscription**		**Deficit**		**Total**
Balance, December 31, 2014	40,440,000	$	368,500	$	185,479	$	-	$	(486,396)	$	67,583
Shares issued for cash (Note 8)	1,037,382		518,691		-		-		-		518,691
Share subscriptions (Note 8)	-		-		-		795,510		-		795,510
Share-based compensation (Note 8)	-		-		30,566		-		-		30,566
Loss and comprehensive loss for the year	-		-				-		(357,163)		(357,163)
Balance, March 31, 2015	41,477,382	$	887,191	$	216,045	$	795,510	$	(843,559)	$	1,055,187

For the Three months ended March 31, 2016

	Share capital										
	Number		**Amount**		**Reserve**		**Share Subscription**		**Deficit**		**Total**
Balance, December 31, 2015	52,295,234	$	3,080,976	$	1,014,666	$	926,901	$	(4,274,492)	$	748,051
Share units issued for cash (Note 8)	2,053,434		605,786		10,245		(400,031)		-		216,000
Share unit issue costs (Note 8)	-		(110,035)				-		-		(110,035)
Share-based compensation (Note 8)	-		-		22,067		-		-		22,067
Loss and comprehensive loss for the year	-		-				-		(474,196)		(474,196)
Balance, March 31, 2016	54,348,668	$	3,576,727	$	1,046,978	$	526,870	$	(4,748,688)	$	401,887

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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. The Company has invested in touchscreen technology in an effort develop and sell electronic devices.

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 March 31, 2016, the Company has not achieved profitable operations and has accumulated losses of $4,748,688 (December 31, 2015 – $4,274,492) since inception and expects to incur further losses in the development of its business. This material uncertainty may 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

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2015. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in compliance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 27, 2016.

b) Critical accounting estimates and judgments

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 2(b) of the Company's annual audited consolidated financial statements for the year ended December 31, 2015. There have been no changes to the Company's critical accounting estimates and judgements during the three months ended March 31, 2016.

3. LOAN RECEIVABLE

On December 11, 2015, the Company, through its wholly-owned subsidiary, Orca Mobile Solutions Ltd. ("Orca Mobile"), agreed to advance the principal amount of $200,000 to an unrelated third party, Smart Sollen Inc. ("Smart Sollen") of Seoul, Korea to be used to develop its operations to procure and sell electronic components to various joint venture companies in which the Orca Mobile has an interest (Note 6). The principal amount was advanced in two instalments: $100,000 on December 11, 2015 and $100,000 on January 31, 2016. The term of the agreement is 2 years. Smart Sollen agrees to repay the principal plus interest at a simple rate of 6% per annum by no later than the fifth business day following the last day of the term provided however that Orca Mobile may at any time and from time to time in its sole discretion and on 30 days' notice convert all of the principal and interest then due into 51% of the issued and outstanding common shares of Smart Sollen as fully paid and non-assessable which will entitle Orca Mobile to appoint a majority of the members of the board of directors of Smart Sollen. If on the sixth business day following the end of the term, Orca Mobile has not so converted and if Smart Sollen has failed to pay the unpaid principal and interest then due, then the unpaid principal and interest then due shall be deemed to have converted automatically as aforementioned and Orca Mobile will be entitled to appoint a majority of the directors as aforementioned.

4. INTANGIBLE ASSETS

On May 12, 2014, the Company, through its wholly-owned subsidiary, Orca Mobile, entered into an asset purchase agreement (the "Asset Agreement") and a patent and technology license agreement (the "License Agreement") with Sollensys Corporation ("Sollensys"), a company incorporated and based in South Korea. Sollensys is a related party to the Company as its principal shareholder, a senior officer and a director is GwanJe (Frank) Woo, a principal shareholder and CEO and President of the Company (Note 8).

During the three months ended March 31, 2016, the Company incurred $12,000 (2015 - $12,000) in royalty payments to Sollensys pursuant to the terms of the License Agreement and advanced $NIL (2015 - $26,708) towards future royalty payments.

The intangible assets are being amortized on a straight-line basis over 5.63 years starting January 1, 2015. The accumulated amortization as at March 31, 2016 is $11,657 (December 31, 2015 - $9,326).

5. INVESTMENT

On September 30, 2014, the Company entered into a letter of intent with Sollensys and Mr. Carlos Fernando Rivers Sandoval ("Sandoval"), governing the proposed incorporation of a Guatemala joint venture company called Sollen-Mobile SA ("Sollen Guatemala") for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen Guatemala was US$300,000, of which the Company paid US$100,000 ($112,080 CDN) for its 30% share of the investment.

On February 11, 2016, the Company, through its wholly-owned subsidiary, Orca Mobile, completed a definitive agreement with Sollensys, Sandoval, Adrian Martinez Corral, Adrian Oh and GwanJe Woo, for the joint venture which governs the investment in and the management of Sollen Guatemala.

6. BUSINESS DEVELOPMENT

On March 18, 2015, the Company entered into a service agreement with a private equity and venture capital firm based in Singapore pursuant to which the firm agreed to provide business development services. The initial term of the agreement is three years, unless terminated by either party on thirty days' written notice. Subsequently, by amendment dated October 31, 2015, the Company and the firm agreed to change the firm's compensation to fees at a rate of $500 per hour as invoiced.

For the three months ended March 31, 2016, business development expenses were $184,600 (2015 - $170,000).

7. INVESTOR RELATIONS

On January 30, 2015, the Company entered into a consulting agreement with Primoris Group Inc. ("Primoris"), of Toronto, Ontario, by which Primoris agreed to act as the Company's investor relations consultant by providing proactive, customized investor and media relations services. The initial term of the agreement was for one year, beginning January 2015. The term renews automatically on a month-to-month basis until terminated by either party on 30 days' written notice. For the three months ended March 31, 2016, the Company paid $6,000 (2015 - $12,000) to Primoris for investor relation services rendered.

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

As at March 31, 2016, Orca Touchscreen had 54,348,668 common shares issued and outstanding (December 31, 2015, 52,295,234).

i. On February 1, 2016, the Company completed a private placement of 1,259,244 units at a price of $0.30 per unit for gross proceeds of $377,773. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of $66,835 which was recorded as a share issuance cost;

(Expressed in Canadian Dollars)

ii. On February 16, 2016, the Company completed a private placement of 524,190 units at a price of $0.30 per unit for gross proceeds of $157,257. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of $27,000 which was recorded as a share issuance cost;

iii. On March 4, 2016, the Company completed a private placement of 270,000 units at a price of $0.30 per unit for gross proceeds of $81,000. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of $16,200 which was recorded as a share issuance cost.

c) Escrow agreement

Pursuant to a stock restriction agreement, 8,902,000 common shares of the Company are subject to restrictions on transfer. The restricted shares are to be released at 10% on the June 13, 2014 listing date and an additional 15% every six months thereafter with the final tranche being released on June 13, 2017. As at March 31, 2016, 4,005,900 (December 31, 2015 - 4,005,900) common shares of the Company are restricted.

d) Stock options

For the three months ended March 31, 2016, share based compensation expense of $22,067 (2015 - $30,566) based on the grant date fair value of the awards recognized over the vesting period, was recorded in net loss.

Details of stock options activities for the three months ended March 31, 2016 and 2015 are as follows:

	Number of options	**Weighted Average Exercise Price**
Balance outstanding, January 1, 2015	600,000	$0.80
Balance outstanding, March 31, 2015	600,000	$0.80
Balance outstanding, January 1, 2016	2,900,000	$0.20
Balance outstanding, March 31, 2016	2,900,000	$0.20
Balance exercisable, March 31, 2016	1,625,000	$0.20

The weighted average remaining life of options outstanding is 4.72 years.

e) Warrants

The fair value of warrants issued during the three months ended March 31, 2016 was determined using the Black Scholes pricing model with the following assumptions:

	2016
Risk-free interest rate	0.64%~0.66%
Annualized volatility	100%
Expected dividend yield	Nil
Expected warrant life in years	5.0

Details of warrants activity is as follows:

	Number of warrants	**Weighted Average Exercise Price**
Balance outstanding, January 1, 2015	-	-
Balance outstanding, March 31, 2015	-	-
Balance outstanding, January 1, 2016	5,408,931	$0.43
Issued	1,026,717	$0.40
Balance outstanding, March 31, 2016	6,435,648	$0.42

(Expressed in Canadian Dollars)

The weighted average remaining life of warrants outstanding is 4.50 years.

f) Reserve

The Company's equity reserve is comprised of share-based payments and the fair value of warrants issued.

9. RELATED PARTY TRANSACTIONS

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

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

	Three months March 31, 2016	**Three months March 31, 2015**
Management fees	$ 24,000	$ 11,500
Accounting fees	4,500	-
Legal fees	17,077	-
	$ 45,577	$ 11,500

As at March 31, 2016, $19,127 (2015 - $2,000) was due to officers of the Company for unpaid management and legal fees.

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. Sollensys is a related party to the Company as its principal shareholder, a senior officer and a director is GwanJe (Frank) Woo, a principal shareholder and CEO and President of the Company (Note 5).

During the three months ended March 31, 2016, the Company incurred $12,000 (2015 - $12,000) in royalty payments to Sollensys pursuant to the terms of the agreement and advanced $NIL (2015 - $26,708) towards future royalty payments.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices 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 or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, loans receivable accounts payable and accrued liabilities and short-term 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 March 31, 2016, the Company had a cash balance of $19,470 to settle current liabilities of $74,400.

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, loans receivable, and short-term investments. The Company limits exposure to credit risk on liquid financial assets by 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. The loan receivable (Note 4) carries moderate credit risk but this risk is mitigated by default terms attached to the loan receivable.

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 March 31, 2016, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The majority of the Company's business is conducted in South Korea and Guatemala in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations between the Canadian dollar and the US dollar. Fluctuations in the exchange rate between 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, the Company expects competition to intensify in the future, which could harm the Company's ability to develop a customer base for its products and to begin generating revenue.

11. CAPITAL MANAGEMENT

The Company considers capital to be the sole 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 April 18, 2016, the Company closed a private placement of 1,471,150 units of the Company at a price $0.30 per unit for gross proceeds of $441,345. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $0.40 for 5 years. The shares and warrants comprising the units are subject to a 6-month-and-one-day hold period from the closing date. The Company paid finders a commission of $72,000 which will be recorded as a share issuance cost.