



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

**(UNAUDITED)**



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
 INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited – Prepared by Management)  
 (Expressed in Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2018	2017	September 30, 2018	2017
	\$	\$	\$	\$
<b>Expenses</b>				
Audit and accounting fees	-	-	-	3,500
Consulting fees	-	13,286	-	15,044
Filing and regulatory	-	4,145	3,573	7,710
General and administrative	-	129	-	4,238
Interest expense	-	-	231	-
Professional fees	-	2,000	19,000	2,000
Royalty payments	-	-	-	24,000
<b>Loss before other items</b>	-	(19,560)	(22,804)	(56,492)
<b>Other items:</b>				
Gain on forgiveness of debt	-	132,842	23,707	132,842
Gain on settlement of liabilities	-	-	-	112,922
<b>Net comprehensive income for the period</b>	-	113,282	903	189,272
<b>Net income per share – basic and diluted</b>	0.00	0.00	0.00	0.00
<b>Weighted average number of common shares outstanding</b>	57,662,633	57,662,633	57,662,633	57,662,633

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

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	For the nine months ended September 30,	
	2018	2017
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Income for the period	\$ 903	\$ 189,272
Items not affecting cash:		
Gain on settlement of liabilities	-	(112,922)
Gain on forgiveness of debt	(23,707)	(132,842)
Changes in non-cash working capital items:		
Amounts receivable	(1,133)	(904)
Prepaid expenses	-	438
Accounts payable and accrued liabilities	-	57,513
Due to related parties	-	-
	(23,938)	555
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan received	23,707	-
<b>Change in cash during the period</b>	(231)	(555)
<b>Cash, beginning of period</b>	1,279	747
<b>Cash, end of period</b>	\$ 1,048	\$ 1,302
<b>Other Supplemental Disclosure:</b>		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

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**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Share capital		Reserve	Share Subscriptions	Deficit	Total
	Number	Amount				
<b>Balance, December 31, 2016</b>	56,006,438	\$ 3,993,647	\$ 1,077,567	\$ 29,539	\$ (5,318,033)	\$ (217,280)
Share issued for debt	1,505,632	37,641				37,641
Share issued costs	150,563					
Income and comprehensive income for the period	-	-	-	-	189,272	189,272
<b>Balance, September 30, 2017</b>	57,662,663	\$ 4,031,288	\$ 1,077,567	\$ 29,539	\$ (5,128,761)	\$ (9,633)
<b>Balance, December 31, 2017</b>	57,662,633	\$ 4,035,052	\$ 1,107,106	\$ -	\$ (5,132,420)	\$ 9,738
Income and comprehensive income for the period	-	-	-	-	903	903
<b>Balance, September 30, 2018</b>	57,662,633	\$ 4,035,052	\$ 1,107,106	\$ -	\$ (5,131,517)	\$ 10,641

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## **ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended September 30, 2018 and 2017

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#### **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.

These interim condensed 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 September 30, 2018, the Company has a working capital of \$10,647, has not achieved profitable operations and has accumulated losses of \$5,131,517 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. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by IASB. The accounting policies used are consistent with those of the previous financial year, except for recent accounting pronouncements as described below. The Board of Directors approved the interim condensed consolidated financial statements on November 28, 2018.

##### **Basis of Consolidation and Presentation**

These interim condensed 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 interim condensed consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiary. All significant intercompany transactions and balances have been eliminated.

##### **Recent Accounting Pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee. During the period ended September 30, 2018, the Company adopted IFRS 9 and 15. These standards did not have significant impact on the Company’s financial statements.

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 3. SHARE CAPITAL AND RESERVES

#### (a) Authorized share capital

Unlimited number of common and preferred shares without par value.

#### (b) Issued share capital

As at September 30, 2018 and December 31, 2017, 57,662,633 common shares were issued and outstanding.

#### (c) Escrow agreement

As at September 30, 2018 and December 31, 2017, no common shares of the Company are held in escrow.

#### (d) Stock options

On July 15, 2014, the Company adopted a stock option plan authorizing the Company to grant options to officers, directors, employees and consultants 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.

There were no stock options outstanding at September 30, 2018 and December 31, 2017 or granted during the periods ended September 30, 2018 and 2017.

#### (e) Warrants

There were no warrants granted during the period ended September 30, 2018 and 2017.

Details of warrants activity is as follows:

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	Number of warrants	Exercise Price	Expiry Date
Balance outstanding, December 31, 2016, 2017 and September 30, 2018	7,264,533	\$0.42	-

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The weighted average remaining life of warrants outstanding is 2.06 years.

#### (f) Reserve

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

### 4. RELATED PARTY TRANSACTIONS AND BALANCES

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.

There was no related party balances as at September 30, 2018 and December 31, 2017 and there were no transactions with related parties during the periods ended September 30, 2018 and 2017.

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 5. 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 loans receivable, accounts payable and due to related parties 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 September 30, 2018, the Company had a cash balance of \$1,048.

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, loan receivable and investment. The Company limits exposure to credit risk on liquid financial assets by maintaining its cash with high-credit quality financial institutions.



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### **5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

#### **Financial risk factors (continued)**

##### *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 September 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates.

##### b) Foreign currency risk

The Company is not exposed to any foreign currency risk fluctuations.

##### c) Price risk

The Company is currently not exposed to any price risk.

### **6. 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 operations. 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.

### **7. SUBSEQUENT EVENT**

On December 4, 2017, the Company and Cultivator Catalyst Corp. ("CCC") entered into a letter of intent, (the "LOI") pursuant to which the Company agreed to acquire all the issued and outstanding shares and securities convertible into shares of CCC pursuant to the terms of an amalgamation agreement dated April 25, 2018 among the Company, CCC and 1151856 B.C. Ltd. (the "Amalgamation Agreement"), a wholly-owned subsidiary of the Company formed to facilitate the Transaction.

Pursuant to the Amalgamation Agreement, the Company will indirectly acquire all of the issued and outstanding common shares and special class C shares in the capital of CCC ("CCC Shares") and securities of CCC convertible into CCC Shares in exchange for common shares (the "Payment Shares") and special class C shares, each as applicable, in the capital of the Company pursuant to an exchange ratio of five Payment Shares for each CCC common share and one special class C share of the Company for each special class C share of CCC (collectively, the "Exchange Ratio"). In addition, all of the outstanding common share purchase warrants of CCC will be exchanged for common share purchase warrants of the Company based on the Exchange Ratio (the "Transaction").

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### **7. SUBSEQUENT EVENT (continued)**

Prior to closing of the Transaction and subject to the rules of the Canadian Securities Exchange, the Company will complete a consolidation of its common shares on the basis of one new common share in the capital of the Company for fifty old common shares. Furthermore, upon completion of the Transaction it is intended that the Company will be re-named Biome Grow Inc. and shareholders of CCC will own a controlling interest in the issued and outstanding shares in the capital of Biome Grow Inc.

CCC is in the process of completing a brokered private placement financing to raise gross proceeds of approximately \$15,000,000 (the "Financing") by the issuance of 3,000,000 units at \$5.00 per unit. Each unit consists of one CCC common share and one CCC common share purchase warrant. Each CCC common share purchase warrant entitles the holder to purchase one CCC common share at \$5.00 per share for up to 2 years. In connection with the Financing, the agent will be paid an 7% cash commission and will be issued 210,000 warrants with same terms to the warrants included in the Financing.

Since January 1, 2018, CCC has raised gross proceeds of \$2,391,930 by the issuance of 863,977 CCC common shares.

The boards of directors of the Company and CCC have each unanimously approved the terms of the Amalgamation Agreement.

The Amalgamation Agreement will be subject to certain customary conditions including approval of the Company's and CCC shareholders and various regulatory approvals. The Amalgamation Agreement contains customary deal protection mechanisms and non-solicitation provisions.