



**TINKERINE STUDIOS LTD.**

**Condensed Consolidated Interim Financial Statements**

**September 30, 2019**

**(Expressed in Canadian dollars)**

**(Unaudited – Prepared by Management)**

**TINKERINE STUDIOS LTD.**

**NOTICE TO READER**

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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

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

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)**  
**(Expressed in Canadian Dollars)**

|  | Notes | September 30,<br>2019 | December 31,<br>2018 |
|--|-------|-----------------------|----------------------|
| <b>ASSETS</b>                          |       |                       |                      |
| <b>Current</b>                         |       |                       |                      |
| Cash and cash equivalents              | 4     | \$ (25,878)           | \$ 87,885            |
| Receivables                            | 5     | 115,034               | 88,426               |
| Inventory                              | 6     | 126,046               | 174,383              |
| Prepays and deposits                   |       | 28,687                | 7,042                |
| <b>Total current assets</b>            |       | <b>243,889</b>        | <b>357,736</b>       |
| <b>Property and equipment</b>          | 7     | <b>885</b>            | <b>6,612</b>         |
| <b>TOTAL ASSETS</b>                    |       | <b>\$ 244,774</b>     | <b>\$ 364,348</b>    |
| <b>LIABILITIES</b>                     |       |                       |                      |
| <b>Current</b>                         |       |                       |                      |
| Trade payables and accrued liabilities | 8,9   | \$ 676,139            | \$ 569,180           |
|  |       | -                     | -                    |
|  |       | <b>676,139</b>        | <b>569,180</b>       |
| <b>EQUITY</b>                          |       |                       |                      |
| Share capital                          | 10    | 4,329,369             | 4,329,369            |
| Reserve                                | 10    | 104,617               | 316,124              |
| Deficit                                |       | (4,865,351)           | (4,850,325)          |
|  |       | <b>(431,365)</b>      | <b>(204,832)</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>    |       | <b>\$ 244,774</b>     | <b>\$ 364,348</b>    |

**Nature and continuance of operations** (Note 1)

**Commitment** (Note 12)

Approved on behalf of the Directors:

*"Justin Sy"*

*"Eugene Suyu"*

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

**TINKERINE STUDIOS LTD.**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)

(Expressed in Canadian Dollars)

|   | Notes | For the three months ended<br>September 30, |              | For the nine months ended<br>September 30, |              |
|---|-------|---|--------------|--|--------------|
|   |       | 2019  | 2018         | 2019                                       | 2018         |
| <b>REVENUE</b>  | 11    | \$ 127,854                                  | \$ 88,991    | \$ 394,917                                 | \$ 401,152   |
| <b>COST OF SALES</b>  |       |   |              |  |              |
| Cost of Goods Sold  |       | 71,673                                      | 47,157       | 200,881                                    | 220,241      |
|   |       | 56,182                                      | 41,834       | 194,036                                    | 180,911      |
| Production training and start-up  |       | -   | -            | -  | -            |
| <b>GROSS PROFIT</b>   |       | 56,182                                      | 41,834       | 194,036                                    | 180,911      |
| <b>EXPENSES</b>   |       |   |              |  |              |
| Amortization  | 6     | 982   | 3,549        | 5,726                                      | 35,055       |
| Bank and credit card charges  |       | 1,310                                       | 1,760        | 4,462                                      | 6,318        |
| Foreign exchange (gain)   |       | (1,016)                                     | 2,395        | 3,129                                      | (5,344)      |
| Insurance   |       | 4,839                                       | 4,624        | 14,285                                     | 13,992       |
| Interest  |       | 1,019                                       | 186          | 2,037                                      | 372          |
| Office and general  |       | 1,224                                       | 2,266        | 5,795                                      | 6,290        |
| Product promotion, trade shows and travel   |       | 245   | 476          | 1,048                                      | 1,469        |
| Professional and consulting fees  |       | 32,057                                      | 30,454       | 80,602                                     | 120,069      |
| Rent and utilities  |       | 14,519                                      | 13,848       | 42,773                                     | 40,628       |
| Research and development  |       | 1,830                                       | 2,146        | 8,751                                      | 2,587        |
| Remuneration and benefits   | 9     | 77,454                                      | 71,060       | 221,059                                    | 212,166      |
| Stock-based compensation  | 10    | -   | 955          | -  | 6,845        |
| Shareholder communications, filing & transfer agency                                |       | 9,742                                       | 12,536       | 30,902                                     | 37,618       |
|   |       | 144,206                                     | 146,255      | 420,570                                    | 478,065      |
| <b>NET PROFIT (LOSS)</b>  |       | (88,024)                                    | (104,421)    | \$ (226,533)                               | \$ (297,154) |
| <b>OTHER ITEMS</b>  |       |   |              |  |              |
| <b>NET AND COMPREHENSIVE PROFIT (LOSS)</b>  |       | \$ (88,024)                                 | \$ (104,421) | \$ (226,533)                               | \$ (297,154) |
| <b>NET PROFIT (LOSS) PER COMM SHARE- BASIC &amp; DILUTED</b>                        |       | \$ (0.00)                                   | \$ (0.00)    | \$ (0.00)                                  | \$ (0.01)    |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON<br/>SHARES OUTSTANDING - BASIC AND DILUTED</b> |       | 49,238,349                                  | 49,238,349   | 49,238,349                                 | 49,238,349   |

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

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)**  
(Expressed in Canadian Dollars)

|  | Notes | Share capital    |              | Equity Reserve | Deficit        | Total        |
|--|-------|------------------|--------------|----------------|----------------|--------------|
|  |       | Number of shares | Amount       |                |                |              |
| <b>Balance at December 31, 2017</b>  |       | 49,238,349       | 4,329,369    | 322,454        | (4,469,475)    | 182,348      |
| Transactions with owners, in their capacity as owners and other transfers: |       |                  |              |                |                |              |
| Stock-based compensation   | 10    | -                | -            | 6,845          | -              | 6,845        |
| Cancellation of stock options  | 10    | -                | -            | (13,175)       | 13,175         | -            |
| Net and comprehensive loss   |       | -                | -            | -              | (297,154)      | (297,154)    |
| <b>Balance at September 30, 2018</b>                                       |       | 49,238,349       | 4,329,369    | 316,124        | (4,753,454)    | (107,961)    |
| <b>Balance at December 31, 2018</b>  |       | 49,238,349       | 4,329,369    | 316,122        | (4,850,323)    | (204,832)    |
| Transactions with owners, in their capacity as owners and other transfers: |       |                  |              |                |                |              |
| Stock-based compensation   | 10    | -                | -            | -              | -              | -            |
| Cancellation of stock options  |       | -                | -            | (211,505)      | 211,505        | -            |
| Net and comprehensive loss   |       | -                | -            | -              | (226,533)      | (226,533)    |
| <b>Balance at September 30, 2019</b>                                       |       | 49,238,349       | \$ 4,329,369 | \$ 104,617     | \$ (4,865,351) | \$ (431,365) |

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

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
**(Expressed in Canadian Dollars)**

|   | For the nine months ended |                  |
|---|---------------------------|------------------|
|   | Sept 30,<br>2019          | Sept 30<br>2018  |
| <b>Cash Flow from Operating Activities</b>              |                           |                  |
| Net loss for the period                                 | \$ (226,533)              | \$ (297,154)     |
| Items not involving cash                                |                           |                  |
| Amortization  | 5,726                     | 35,055           |
| Stock-based compensation                                | -                         | 6,845            |
| Changes in non-cash working capital items               |                           |                  |
| Receivables   | (26,608)                  | (34,131)         |
| Inventory   | 48,338                    | 68,916           |
| Prepays and deposits                                    | (21,645)                  | (7,642)          |
| Trade payables and accrued liabilities                  | 106,959                   | 83,850           |
| Customer deposits and deferred revenue                  | -                         | -                |
| Net cash provided by (used in) operating activities     | <u>(113,763)</u>          | <u>(144,261)</u> |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | (113,763)                 | (144,261)        |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>            | <u>87,885</u>             | <u>207,257</u>   |
| <b>CASH AND CASH EQUIVALENTS - ENDING</b>               | <u>\$ (25,878)</u>        | <u>\$ 62,996</u> |

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

## 1. Nature and continuance of operations

Tinkerine Studios Ltd. (formerly White Bear Resources Inc.) (the “Company”) was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company was previously listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol WBR. The Company’s main activity was the acquisition, exploration and evaluation of resource properties.

In April 2014, White Bear Resources Inc. (“White Bear”) completed a share exchange with Tinkerine Studio Ltd. (“Tinkerine”), a private company incorporated on May 8, 2012 under the laws of British Columbia, Canada, resulting in a reverse take-over (“RTO”). Immediately following the RTO, White Bear changed its name to Tinkerine Studios Ltd. and Tinkerine changed its name Tinkerine 3D Print Systems Ltd. For purposes of these consolidated financial statements, the “Company” is defined as the consolidated entity. Also in April 2014, the Company commenced trading on the TSX-V under its current trading symbol TTD.

The Company’s primary business is the design and distribution of 3D printers, software and related online educational content.

The Company’s registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 213A-8725 92<sup>nd</sup> Street, Delta British Columbia, Canada, V4G 0A4.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company’s ability to continue as a going concern.

Based on the Company’s operating history and its relationship with its stakeholders, Management expects that it will require additional equity to have sufficient capital to fund operations for the next twelve months. Further discussion of liquidity risk has been disclosed in Note 14. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern.

## 2. Basis of Presentation

The financial statements were authorized for issue on November 22, 2019 by the directors of the Company.

### Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies and methods of computation consistent 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”).

## 2. Basis of Presentation (Cont'd)

These condensed consolidated interim financial statements include all necessary information and disclosures required for interim financial statements but do not include disclosures required for a full annual financial report. These statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018.

### ***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

### ***Principles of consolidation***

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd. In conformity with the principles of GAAP and IFRS, in the consolidated financial statements, inter-company transactions and balances are eliminated upon consolidation.

|                                    | Jurisdiction of<br>incorporation | Percentage owned |                     |                 |
|------------------------------------|----------------------------------|------------------|---------------------|-----------------|
|                                    |                                  | Sept. 30<br>2019 | December 31<br>2018 | Sept 30<br>2018 |
| Tinkerine 3D Print<br>Systems Ltd. | Canada                           | 100%             | 100%                | 100%            |

### ***Revenue recognition***

The Company adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") on a retroactive basis in accordance with the transitional provisions. IFRS 15 will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with the customer which is the invoice and the company does not transfer ownership to the customer until the goods are shipped
2. Identify the performance obligations in the contract – there are no separate performance obligations, other than the 1 year warranty, which is not distinct from the sale.
3. Determine the transaction price – the contract price is pre-determined and therefore amount of revenue can be measured definitively.
4. Allocate the transaction price to the performance obligations in the contract – the Company allocates the entire transaction price to the sales of the printer which is the primary performance obligation.



**2 Basis of Presentation (Cont'd)**

**Revenue (Cont'd)**

5. Recognize revenue when the entity satisfies a performance obligation – revenue is recognized when printers are shipped to customers and ownership is transferred thus completing the primary and only obligation

The Company has concluded that there are no significant differences between the point of risks and rewards transfer and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures

**3. Accounting Standards Issued but Not Yet Effective**

***IFRS 9 “Financial Instruments”***

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a

**4. Cash**

The components of cash and cash equivalents are as follows:

|      | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|------|-------------------------------|------------------------------|
| Cash | \$ (25,878)                   | \$ 87,885                    |
|      | <b>\$ (25,878)</b>            | <b>\$ 87,885</b>             |

**5. Receivables**

|                   | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|-------------------|-------------------------------|------------------------------|
| Trade receivables | \$ 115,034                    | \$ 88,426                    |
|                   | <b>\$ 115,034</b>             | <b>\$ 88,426</b>             |

**6. Inventory**

|                | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|----------------|-------------------------------|------------------------------|
| Raw materials  | \$ 113,015                    | \$ 150,708                   |
| Finished goods | 13,031                        | 23,675                       |
|                | <b>\$ 126,046</b>             | <b>\$ 174,383</b>            |

## 7. Property and Equipment

Equipment is amortized on a straight-line basis over five years, computer hardware and software on a straight-line basis over 3 years and leasehold improvements on a straight-line basis over three years.

|                          | Equipment | Computers | Leasehold improvements | Total     |
|--------------------------|-----------|-----------|------------------------|-----------|
| <b>Cost:</b>             |           |           |                        |           |
| December 31, 2017        | \$ 58,673 | \$ 11,845 | \$ 6,664               | \$ 77,182 |
| Write off of fully       | -         |           |                        | -         |
| Amortized equipment      | -         | (5,751)   |                        | (728)     |
| December 31, 2018        | 58,673    | 6,094     | 6,664                  | 71,431    |
| Additions/Disposals      | -         | -         | -                      | -         |
| September 30, 2019       | 58,673    | 6,094     | 6,664                  | 71,431    |
| <b>Amortization:</b>     |           |           |                        |           |
| December 31, 2017        | \$ 42,722 | \$ 11,428 | \$ 2,224               | \$ 56,374 |
| Additions                | 11,736    | 236       | 2,224                  | 14,196    |
| Write off - fully amort. | -         | (5,751)   | -                      | (5,751)   |
| December 31, 2018        | 54,458    | 5,913     | 4,448                  | 64,819    |
| Additions                | 3,881     | 177       | 1,668                  | 5,726     |
| September 30, 2019       | 58,339    | 6,090     | 6,116                  | 70,545    |
| <b>Net book value:</b>   |           |           |                        |           |
| December 31, 2018        | \$ 4,215  | \$ 181    | \$ 2,216               | \$ 6,612  |
| September 30, 2019       | \$ 334    | \$ 4      | \$ 548                 | \$ 885    |

## 8. Trade Payables and Accrued Liabilities

|                          | September 30,<br>2019 | December 31,<br>2018 |
|--------------------------|-----------------------|----------------------|
| Trade payables (note 10) | \$ 76,590             | \$ 56,430            |
| Accrued liabilities      | 599,549               | 512,750              |
|                          | \$ 676,139            | \$ 569,180           |

## 9. Related party transactions

As at September 30, 2019, included in prepaid and deposits is \$2,435 (December 31, 2018 - \$2,435), which has been paid to a director of the Company

As at September 30, 2019, included in trade payables is \$18,066 (December 31, 2018 - \$17,195), which is due to related parties. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

**9. Related party transactions (Cont'd)**

The compensation of officers and directors for the nine months period was as follows:

|  | <b>September 30,<br/>2019</b> | <b>September 30,<br/>2018</b> |
|--|-------------------------------|-------------------------------|
| Rent and utilities                         | \$ 39,437                     | \$ 34,015                     |
| Remuneration, fees and short term benefits | 101,371                       | 136,279                       |
| Stock-based compensation                   | -                             | 5,429                         |
|  | <b>\$ 140,808</b>             | <b>\$ 175,723</b>             |

**10. Share Capital**

***Authorized share capital***

Unlimited number of common shares without par value.

Issued and outstanding at September 30, 2019: 49,238,349 shares.

***Changes in issued share capital***

There are no changes to share capital in the first nine months of the 2019 fiscal year.

During the nine months ended September 30, 2018, there were no changes in share capital.

***Warrants***

There are no outstanding warrants at September 30, 2019:

***Stock options***

There were no issue of stock options in the first nine months of 2019.

There are no issue of stock options in the first 9 months of fiscal 2018. Using the Black-Scholes Option Pricing Model, the fair value of the stock option issuances was calculated using the following assumptions: risk free rate of 1.73%, expected life of 5 years, volatility of 110% and no expected dividends. The fair value is expensed to stock-based compensation over the one year vesting period using the grading recognition system. In the third quarter of 2018, \$955 was recognized as stock-based compensation based on this recognition system. For the first 9 months of 2018 \$6,845 was recognized as stock-based compensation.

## 10 Share Capital (Cont'd)

A continuity schedule of stock options is as follows:

| Number of options | Exercise Price | Expiry date            |
|-------------------|----------------|------------------------|
| 1,100,000         | \$0.075        | Apr 4, 2019 (expired ) |
| 2,000             | \$0.075        | Mar 5, 2020            |
| 48,000            | \$0.075        | May 23, 2020           |
| 110,000           | \$0.075        | June 24, 2020          |
| 650,000           | \$0.075        | Jan 27, 2021           |
| 825,000           | \$0.075        | Jun 24 2021            |
| 725,000           | \$0.075        | Sept 30, 2022          |

As at September 30, 2019, the following stock options were outstanding and exercisable

|                           | Number of stock options |
|---------------------------|-------------------------|
| Balance December 31 2017  | 3,760,000               |
| Expired/cancelled         | (225,000)               |
| Balance December 31, 2018 | 3,535,000               |
| Issued /Expired/cancelled | (1,175,000)             |
| Balance Sept 30, 2019     | 2,360,000               |
| Exercisable Sept 30, 2019 | 2,360,000               |

As at September 30, 2019 the weighted average exercise price is \$0.075 with an average remaining term of 2.082

### **Equity reserve**

Equity reserve records items recognized as stock-based compensation expense and the fair value of warrants issued.

In the second quarter ended June 30, 2019 1,100,000 stock options expired, unexercised on April 4, 2019 and were cancelled, and the corresponding amount of \$211,505 were reallocated from reserves to deficit.

In the second quarter of 2018, 225,000 stock options were cancelled and the corresponding amount of \$13,175 was reallocated from reserves to deficit.

**11. Segmented Information**

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment is as follows:

|               | Sept 30<br>2019   | Sept 30<br>2018   |
|---------------|-------------------|-------------------|
| Total Revenue |                   |                   |
| Canada        | \$ 205,440        | \$ 207,267        |
| United States | 189,367           | 185,042           |
| Other         | 110               | 8,843             |
|               | <b>\$ 394,917</b> | <b>\$ 401,152</b> |

During the nine months ended September 30, 2019 sales to two customers were each in excess of 10% of total revenue. During the previous nine months period ended September 30, 2018 there were two customers that each generated in excess of 10% of the total revenue.

**12. Commitments**

***Lease agreement***

On December 1<sup>st</sup>, 2016, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2017. The annual basic lease payments was \$52,735 in the first year and \$58,286 in the second and third years. In addition, the Company pays operating costs and a management fees equal to 5% of the annual basic rent.

**13. Capital Management**

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

**14. Financial instruments and financial risk management**

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

The Company's financial assets and liabilities are classified and measured as follows:

| <i>Asset/Liability</i> | <i>Category</i>                   | <i>Measurement</i> |
|------------------------|-----------------------------------|--------------------|
| Cash                   | Fair value through profit or loss | Fair value         |
| Trade receivables      | Loans and receivables             | Amortized cost     |
| Trade payables         | Other financial liability         | Amortized cost     |
| Due to shareholders    | Other financial liability         | Amortized cost     |

#### **14 Financial instruments and financial risk management (Cont'd)**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2019 and at December 31, 2018, the Company measures its cash based on Level 1 inputs.

#### **Financial instrument risk exposure and management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves, to ensure that it meets its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

##### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.