RICHCO INVESTORS INC.
Form 51-102F1
Management's Discussion & Analysis
FOR THE YEAR ENDED DECEMBER 31, 2016

The following management's discussion and analysis of the financial position and results of operations (the "MD&A") dated April 28, 2017 has been prepared by management and are based on and derived from the audited financial statements of Richco Investors Inc. (the "Company") for the year ended December 31, 2016.

This discussion should be read in conjunction with the audited financial statements and the related notes for the year ended December 31, 2016.

The audited financial statements for the year ended December 31, 2016 were prepared in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements were presented in Canadian dollars, which is both the functional and presentation currency of the Company. Figures referred to in this discussion are in Canadian dollars, unless otherwise stated.

The Company's principal business is to provide financial, management and other administrative services to early development stage business. The principal objective of the Company is long-term wealth creation through creating or helping businesses to fulfill their potential through strategic planning, capital infusion and corporate restructuring. The Company may invest extensively in emerging growth companies which are in the development stage or in companies which primarily hold investments in such companies. Certain investments are in companies which have not yet established commercial viability for their business activities and have not yet earned significant revenue; therefore, the quoted market values of their shares are not necessarily indicative of the fair value of these investments and the recoverability of invested amounts is dependent upon the eventual commercial success of these entities. The Company is accordingly at risk for any large fluctuation in stock prices and performance of these public companies. The Company keeps close contacts with the management of these companies to assess their performance.

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to acquisition or reverse acquisition of a viable project, as well as the Company's future plans, objectives, business strategy, budgets, projected costs, financial results, and requirements for additional capital. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "contemplates", "budget", "possible", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, among others: adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled "Risks and Uncertainties".

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the acquisition or reverse acquisition of a viable project, as well as the future profitable operations of the project.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Performance Summary

As at December 31, 2016, the Company had total assets of $7,210. This amount is comprised of current assets totaling $6,517 and equipment totaling $693. Current assets are comprised of cash of $3,799, GST receivable of $1,468 and prepaid expenses of $1,250. As at December 31, 2016, the Company had current liabilities of $45,656 and long-term liabilities of $168,624. The Company's deficit increased from $9,593,425 as at December 31, 2015 to $9,621,315 at December 31, 2016.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at December 31, 2016.

The Company adopted the following new standards during the period:

IAS 1 Presentation of Financial Statements ("IAS 1")

On January 1, 2016, the Company adopted the amendments to IAS 1, which clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The implementation of amendments to IAS 1 had no impact to the Company's September 30, 2016 interim consolidated financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 "Financial Instruments"

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018. The Company has yet to assess the impact of adoption.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018. The Company has yet to assess the impact of adoption.

IAS 7 Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of this standard.

IAS 12 Income Taxes ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12, which clarifies guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at fair value. The IAS 12 amendments are effecting for annual periods beginning on or after January 1, 2017. The Company does not currently measure any of its debt instruments at fair value. Therefore, the implementation of this standard is not expected to have any material impact to the Company's financial statements.

Selected Annual Information

The selected annual information can be summarized as follows:

	2016 ($)	**2015** ($)	**2014** ($)
Total revenue	-	-	-
Net loss	(27,890)	(31,941)	(38,242)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)
Total assets	7,210	12,539	19,794
Total long-term financial liabilities	168,624	150,985	138,030
Cash dividend	-	-	-

Fluctuation analysis

The decrease in net loss for 2016 as compared with 2015 was mainly due to the decrease of $1,774 in finance costs and $1,128 in legal and accounting fees.

The decrease in net loss for 2015 as compared with 2014 was mainly due to the decrease of $3,843 in office and miscellaneous expenses.

Results of Operations

Three months ended December 31, 2016

During the three months ended December 31, 2016 and 2015, revenue was $nil and $nil with operating expenses of $5,386 and $7,489 respectively. The net loss for the quarter ended December 31, 2016 was $5,097 as compared to $7,653 for the same period in 2015.

Year ended December 31, 2016

During the year ended December 31, 2016 and 2015, revenue was $nil and $nil with operating expenses of $27,998 and $29,765 respectively. The net loss for the year ended December 31, 2016 was $27,890 as compared to $31,941 for the same period in 2015.

Summary of Quarterly Results

	For the Quarters Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total assets	$ 7,210	$ 7,122	$ 12,054	$ 10,022
Revenue	-	-	-	-
Net loss	(5,097)	(8,315)	(7,145)	(7,333)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	For the Quarters Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total assets	$ 12,539	$ 3,752	$ 8,150	$ 20,791
Revenue	-	-	-	-
Net loss	(7,653)	(7,996)	(8,990)	(7,303)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

For the quarter ended December 31, 2016, total assets decreased due to the decrease in cash, the decrease in cash was mainly due to making payments required to maintain the listing status of the Company. The net loss of $5,097 was mainly comprised of legal and accounting fees of $3,136, and the transfer agent and filing fees of $2,088.

For the quarter ended September 30, 2016, total assets decreased due to the decrease in cash after offsetting the increase in GST receivable. The net loss of $8,315 was mainly comprised of legal and accounting fees of $3,595, and the transfer agent and filing fees of $2,101.

For the quarter ended June 30, 2016, total assets decreased due to the decrease in cash after offsetting the increase in GST receivable and prepaid expenses. The net loss of $7,145 was mainly comprised of legal and accounting fees of $4,408, and the transfer agent and filing fees of $2,226.

For the quarter ended March 31, 2016, total assets decreased due to the decrease in cash. The net loss of $7,333 was mainly comprised of legal and accounting fees of $3,223, and the transfer agent and filing fees of $4,628.

For the quarter ended December 31, 2015, total assets increased due to the increase in cash. The net loss of $7,653 was mainly comprised of legal and accounting fees of $5,383, and the transfer agent and filing fees of $1,934.

For the quarter ended September 30, 2015, total assets decreased as cash decreased. The decrease in cash was due to the payments of the minimal expenses incurred in order to maintain the listing status.

For the quarter ended June 30, 2015, total assets decreased as cash decreased. The decrease in cash was due to the payments of the minimal expenses incurred in order to maintain the listing status.

For the quarter ended March 31, 2015, the net loss of $7,303 was mainly comprised of legal and accounting fees of $4,010, and the transfer agent and filing fees of $2,040.

Liquidity

As at December 31, 2016, the Company had a working capital deficiency of $39,139 made up of current assets of $6,517 minus current liabilities of $45,656 as compared with the working capital deficiency of $29,074 at December 31, 2015. The reduction in working capital was due to the payments for expenses incurred during the period after offsetting the increase in amount due to related parties. The book value of the Company’s assets is $7,210 against total liabilities of $214,280. The Company registered a net loss of $0.00 per share for the year ended December 31, 2016 compared to $0.00 per share for the comparable period of previous year.

	December 31, 2016	**December 31, 2015**
Working capital (deficiency)	$ (39,139)	$ (29,074)

Net cash used in operating activities for the year ended December 31, 2016 was $23,827 as compared to $19,731 for the same period of last year.

Net cash provided by financing activities for the year ended December 31, 2016 was $17,639 as compared to $12,955 for the same period of last year.

Working capital deficiency increased by $10,065 to $39,139 at December 31, 2016 as compared to $29,074 at the end of December 31, 2015 was mainly due to the increase in amount due to related parties after offsetting payments for expenses incurred to maintain the listing status of the Company. The Company shall endeavor to raise additional capital or borrowings as and when required to meets its obligations.

Capital Resources

The Company does not have any commitments for capital expenditure or any arrangement for financing.

There are no outstanding stock options as of December 31, 2016.

Related Parties

All related party transactions were recorded at the exchange amounts as agreed upon by the related parties.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

During the year ended December 31, 2016, Chris Tsakok, CEO of the Company, lent $17,639 to the Company, unsecured, non-interest bearing, repayable on March 29, 2019.

During the year ended December 31, 2015, Chris Tsakok, CEO of the Company, lent $12,955 to the Company, unsecured, non-interest bearing, repayable on December 29, 2018.

	December 31, 2016	December 31, 2015
Due to CEO of the Company, non-interest bearing, unsecured, repayable between March 29, 2019 and June 28, 2019	$ 120,594	$ 102,955
Due to a director of the Company, non-interest bearing, unsecured, repayable on June 28, 2019	48,030	48,030
Due to related parties - Long-term	$ 168,624	$ 150,985

Other Related Party Transactions

At December 31, 2016, the Company has made and received advances from several companies in which it has an ownership interest or directors in common, the balances and terms were:

		December 31, 2016		December 31, 2015
Due to a company with common director and officer, repayable on demand, non-interest bearning, unsecured.	$	3,823	$	3,823
Unsecured loan from Drucker, Inc. US $8,878 including accrued interest due on 30 days formal notice, interest payable at US prime + 1%. Interest accrued for the year ended December 31, 2016 was US $368. Current account with Drucker, Inc. was $23,336, which is non-interest bearing and payable on demand.				
Less: loan to Drucker, Inc. $11,500, including accrued interest, payable on demand, interest payable at CIBC prime on date of loan, April 15, 2009, at 2% over prime rate. Interest accrued for the year ended December 31, 2016 was $518. Accounts receivable from Drucker, Inc. was $8,154, which is non-interest bearing and due on demand.		11,442		11,818
Due to related parties - Current portion	$	15,265	$	15,641

Some amounts due to and from related parties do not bear interest, are unsecured, and have no fixed payment term; accordingly the fair value cannot be readily determined. In regards to Drucker Inc., any loans made by one party to the other can be offset against loans made by the other party on a reciprocal basis.

Financial Instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, trade and other payables and due to related parties.

The Company has classified its cash as loans and receivables, which are measured at amortized cost. Trade and other payables and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

At December 31, 2016, the carrying and fair value amounts of the Company's financial instruments related to cash and trade and other payable are the same due to their short terms to maturity.

It is not practical to determine the fair value of the amounts due from related parties and due to related parties with sufficient reliability due to the nature of the financial instruments.

The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Management believes that the maximum credit exposure at December 31, 2016 is cash in the bank of $3,799 (December 31, 2015: $9,987) and the credit risk concentration with respect to cash is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure that there is sufficient working capital to fund its ongoing operating expenditures. At December 31, 2016, the Company had a working capital deficiency of $39,139 (December 31, 2015: $29,074). The Company will require having equity or debt financing to meet its financial obligations.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity prices, and exposure of long term investments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has cash balances which is non-interest bearing. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

(iii) Price risk

The Company is exposed to risk of changing equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company keeps close contact with the management of these companies to assess their performance and also monitors the movements of their stock prices to determine the appropriate course of action to be taken by the Company.

(d) Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Outstanding Shares Data

Capitalization as of April 28, 2017: $9,414,245

Authorized

a) An unlimited number of shares of a class designated as multiple voting shares.
b) An unlimited number of shares of a class designated as subordinate voting shares.
c) An unlimited number of shares of a class designated as preference shares in one or more series.

Issued and outstanding

	Number of shares	Amount
a) Multiple voting shares		
2017-04-28	5,310,191	$ 4,187,122
b) Subordinate voting shares		
2017-04-28	8,910,192	5,227,123
	14,220,383	$ 9,414,245