ADVENT-AWI HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of Advent-AWI Holdings Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advent-AWI Holdings Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Donato Lisozzi.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Concord, Ontario
April 16, 2019

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

	Dec 31, 2018	Dec 31, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	8,775,648	12,642,682
Trade and other receivables (note 5)	1,096,716	2,270,426
Inventories (note 6)	453,693	1,004,536
Marketable securities (note 9)	7,000,000	-
Note receivable-current (note 7)	54,975	135,709
Prepaid and deposits-current	44,125	12,725
Loans receivable-current (note 8)	1,595,412	1,182,126
Income taxes receivable	-	12,480
	19,020,569	17,260,684
Non-current assets		
Marketable securities (note 9)	238,000	234,322
Note receivable (note 7)	-	54,976
Loans receivable (note 8)	417,045	127,602
Prepaid and deposits	62,457	98,275
Property, plant and equipment (note 10)	1,374,157	1,452,704
Investment properties (note 11)	1,649,997	1,695,984
Deferred income tax assets (note 16)	161,138	184,075
Total assets	22,923,363	21,108,622

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
(expressed in Canadian dollars)

	Dec 31, 2018 $	Dec 31, 2017 $
LIABILITIES		
Current liabilities		
Trade accounts payable	1,435,677	2,027,357
Other payables and accrued liabilities	1,326,248	1,040,352
Government remittances payable	22,605	135,502
Tenant deposits	38,090	38,090
Income taxes payable	571,037	-
	3,393,657	3,241,301
Non-current liabilities		
Loans payable (note 12)	150,000	150,000
Total liabilities	3,543,657	3,391,301
SHAREHOLDERS' EQUITY		
Capital stock (note 13)	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	14,512,875	12,868,490
Capital attributable to shareholders of Advent-AWI Holdings Inc.	19,411,522	17,767,137
Non-controlling interests	(31,816)	(49,816)
Total equity	19,379,706	17,717,321
Total liabilities and shareholders' equity	22,923,363	21,108,622

Commitments (note 19)

APPROVED BY THE BOARD OF DIRECTORS

"Edgar Pang" Director
Edgar Pang

"Alice Chiu" Director
Alice Chiu

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

(expressed in Canadian dollars)

	2018	2017
	$	$
Revenue		
Wireless revenue	8,423,986	12,485,499
Financing revenue (note 8)	734,913	456,526
Total revenue	9,158,899	12,942,025
Cost of sales (note 6)	5,365,317	6,757,686
Gross profit	3,793,582	6,184,339
Expenses		
General and administration (note 14)	4,959,451	4,856,462
Advertisement and promotions	40,974	57,979
Amortization of property, plant and equipment	121,418	113,582
Amortization of investment properties	45,987	45,987
Total expenses	5,167,830	5,074,010
Operating income (loss)	(1,374,248)	1,110,329
Other income (note 15)	4,080,465	442,224
Investment income		
Rental income	187,929	185,574
Interest income	181,897	140,713
	369,826	326,287
Income before income taxes	3,076,043	1,878,840
Provision for income taxes (note 16)	(816,883)	(490,689)
Net income and comprehensive income for the year	2,259,160	1,388,151
Net income (loss) attributable to		
Shareholders of Advent-AWI Holdings Inc.	2,241,160	1,402,967
Non-controlling interests	18,000	(14,816)
	2,259,160	1,388,151
Basic and diluted, earnings per share for net income attributable to the ordinary equity holders of the company (note 18)	0.188	0.118

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in Canadian dollars)

	Share Capital $	Contributed Surplus $	Retained Earnings $	Non - controlling Interests $	Total Equity $
Year ended December 31, 2018					
Balance - January 1, 2018	4,274,676	623,971	12,868,490	(49,816)	17,717,321
Net income attributable to non-controlling interests	-	-	-	18,000	18,000
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	2,241,160	-	2,241,160
Dividends paid (note 23)	-	-	(596,775)	-	(596,775)
Balance - December 31, 2018	4,274,676	623,971	14,512,875	(31,816)	19,379,706
Year ended December 31, 2017					
Balance - January 1, 2017	4,274,676	623,971	12,062,299	(35,000)	16,925,946
Loss attributable to non-controlling interests	-	-	-	(14,816)	(14,816)
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	1,402,967	-	1,402,967
Dividends paid (note 23)	-	-	(596,776)	-	(596,776)
Balance - December 31, 2017	4,274,676	623,971	12,868,490	(49,816)	17,717,321

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(expressed in Canadian dollars)

	2018 $	2017 $
Cash flows provided by (used in) operating activities		
Net income from operations for the year	2,259,160	1,388,151
Items not affecting cash		
Amortization of property, plant and equipment	121,418	113,582
Amortization of investment properties	45,987	45,987
Interest income	181,897	140,713
Current income tax expense	793,946	512,079
Deferred income tax assets	22,937	(21,390)
Interest accretion of note receivable	(24,290)	(18,773)
	3,401,055	2,160,349
Changes in non-cash working capital items		
Trade and other receivables	1,173,710	(413,829)
Inventories	550,843	(436,303)
Prepaid and deposits	4,418	5,536
Trade accounts payable	(591,680)	(370,690)
Other payables and accrued liabilities	285,896	35,066
Government remittances payable	(112,897)	56,414
Tenant deposits	-	6,800
Loans receivable	(702,729)	(617,240)
	607,561	(1,734,246)
Taxes paid	(210,429)	(572,272)
	397,132	(2,306,518)
Net cash flows from operating activities	3,798,187	(146,169)

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(expressed in Canadian dollars)

	2018 $	2017 $
Balance carryforward		
Net cash flows from operating activities	3,798,187	(146,169)
Cash flows provided by (used in) investing activities		
Interest received	(181,897)	(140,713)
Purchase of property and equipment	(42,871)	(52,220)
Repayment of note receivable	160,000	160,000
Increase in marketable securities	(7,003,678)	(3,803)
Net cash flows used in investing activities	(7,068,446)	(36,736)
Cash flows provided by (used in) financing activities		
Dividend paid	(596,775)	(596,776)
Loans payable	-	45,000
Net cash flows used in financing activities	(596,775)	(551,776)
Net cash from (used in) operations	(3,867,034)	(734,681)
Cash and cash equivalents - beginning of year	12,642,682	13,377,363
Cash and cash equivalents - end of year	8,775,648	12,642,682

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

1. General information

Advent-AWI Holdings Inc. (the "Company"), formerly known as Advent Wireless Inc., was incorporated on February 14, 1984 in British Columbia, Canada. The Company, together with its wholly owned subsidiaries, Am-Call Wireless Inc., 1013929 B.C. Ltd and Advent Marketing Inc., sells cellular and wireless products, services and accessories through an independent network of 11 stores in Ontario, Canada, in 2018.

Commencing in 2016, the Company is a 70% owner of Adwell Financial Services Inc., a microfinancing company. The remaining interest is held equally between Adwealth Capital Holdings Inc. and Q&Y Holdings Inc. The audited consolidated financial statements include the financial information of Adwell Financial Services Inc.

The Company's registered office is 550 West Broadway, Unit 719, Vancouver, Canada, V5Z 0E9.

2. Basis of presentation

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise noted.

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on April 12, 2019. The Board of Directors have the power to amend the consolidated financial statements after issue.

3. Significant accounting policies

(a) Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Am-Call Wireless Inc., 1013929 B.C. Ltd., Advent Marketing Inc and Adwell Financial Services Inc. All intercompany transactions and balances have been eliminated. Subsidiaries are those entities that are controlled by the Company. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Consolidated statements of income and comprehensive income and cash flows

The Company has elected to present a single consolidated statements of income and comprehensive income and presents its expenses by nature.

The Company reports cash flows from operating activities using the indirect method. Interest paid is presented within operating cash flows.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The principal sources of revenue to the Company are:

1) Sales of cellular phones, commission earned on sale of cellular plans and related products. Revenue is recognised when:

   a) Sales of cellular phones and related products are sold to customers, at the point of sale through one of its retail stores, net of returns.

   b) Monthly commission revenue in connection with sales of cellular plans and related products are recorded in the month in which they are earned and measurable.

   c) Quarterly bonus commission revenue is recorded in the last month of each quarter when targets are achieved. Annual bonus commission is recorded when received.

2) Financing income earned from microfinancing is recognized when earned and on an accrued basis.

Investment Income

The Company's investment income consists of the following:

   a) Rental income includes rent from tenants under lease. All tenant rents are recognized in accordance with the underlying lease terms.

   b) Interest income is recognized when earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less from the date of purchase.

Inventories

Inventories consist of finished products. They are recorded at the lower of cost and net realizable value. The cost of inventory is determined on a specific cost basis, and net realizable value is the estimated selling price less applicable selling expenses.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the financial liability simultaneously.

Financial assets upon initial recognition are classified in one of two categories: (1) those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss; and (2) those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The following classifications have been applied:

- Cash and cash equivalents, trade and other receivables, note receivable, loans receivable and amounts due from affiliates are classified as financial assets measured at amortized cost;

- Trade accounts payable, other payables and accrued liabilities, government remittances payable, tenant deposits, and loans payable are classified as financial liabilities measured at amortized costs.

Impairment of financial assets

At each reporting date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, note receivable and loans receivable, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments (IFRS 9) which requires expected lifetime losses to be recognized at the time of initial recognition of the receivables. The Company determines expected credit losses using historical credit loss trends. This change in accounting policy did not result in a change in the trade and other receivables, note receivable or loans receivable on January 1, 2018, upon adoption.

Note receivable

Note receivable is initially measured at fair value and subsequently accounted for at amortized cost using the effective interest rate method.

Deposits

Deposits consist of deposits made for lease rental and are recorded at cost.

Joint operations

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 8.

Marketable securities

The Company's marketable securities consist of term deposits that are classified and measured at amortized cost using the effective interest method, plus accrued interest.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Repairs and maintenance costs are charged to the consolidated statements of income and comprehensive income during the period in which they are incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the net proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income and comprehensive income.

Amortization is provided at the following annual rates:

Buildings	30 years straight-line
Computer hardware	3 years straight-line
Computer software	3 years straight-line
Furniture, fixtures and equipment	5 years straight-line
Leasehold improvements	straight-line over terms of lease

Investment properties

Investment properties include land and buildings in retail outlets held to earn rental income. Investment properties are recorded at cost, including transaction costs, less accumulated amortization. Transaction costs include land transfer taxes and professional fees.

Impairment of non-financing assets

Property, plant and equipment and investment properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as an operating lease on the consolidated statements of financial position. Payments made under operating leases (net of incentives recorded from the lessor) are charged to the consolidated statements of income and comprehensive income on a straight-line basis over the period of the lease.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of income and comprehensive income.

Current tax is the expected tax payable or receivable based on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Earnings per share

The Company presents basic and diluted earnings per share data. Basic earnings per share is calculated by dividing the net income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted earnings per share is determined by adjusting the net income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive instruments. The Company uses the treasury stock method for calculating diluted earnings per share.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Financial Officer. The Corporation has two segments, which are "Wireless Business" and "Financing Business". The wireless segment sells cellular and wireless products, services and assessories through an independent network of stores in Ontario. The financing segment operates as a private lending company offering personal and collateral loans across the Greater Vancouver Area and Greater Toronto Area.

Significant new and revised accounting standards adopted in the year

Amendments to IAS 1, Presentation of Financial Statements, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of consolidated financial statements and the disclosure of accounting policies. This standard is required to be applied for periods beginning on or after January 1, 2017.

The interpretation had no impact on the Company's consolidated financial statements for the year ended December 31, 2018.

Accounting and reporting changes

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through the consolidated statement of income and comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The Company has summarized the changes to the financial instruments in note 20. The adoption of IFRS 9 did not have any impact on the reported results.

Effective January 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 supersedes the current accounting standard for revenues, IAS 18, Revenue. IFRS 15 introduces a single model for recognizing revenue from contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1) identify the contract with a customer;
2) identify the performance obligations in the contract;
3) determine the transaction price;
4) allocate the transaction price to the performance obligations in the contract; and
5) recognize revenue when (or as) the entity satisfies a performance obligation.

The application of this new standard did not have a significant impact on the reported results, as the performance obligations of the Company’s revenue streams are satisfied at either the point of sale, or when the transaction price is received, consistent with Note 3 revenue recognition accounting policies. The application of IFRS 15 does not affect the cash flows from operations or the methods and underlying economics through which the Company transacts with its customers.

Future accounting and reporting changes

IFRS 16, Leases, was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases, and instead introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company will adopt IFRS 16 commencing January 1, 2019 and is currently in the process of assessing the impact (if any) on the consolidated financial statements of the Company.

(b) Criticial accounting estimates

The preparation of consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The estimates and assumptions that could result in a material effect in the next financial year on carrying amounts of assets and liabilities are outlined below:

Impairment of non-financial assets

The determination of long-lived asset impairment requires significant estimates and assumptions to determine the recoverable amount of a cash generating unit ("CGU"), the recoverable amount being the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the CGU, discounted at an appropriate rate.

In the event an impairment analysis is required, the key assumptions that would be utilized in the determination of future cash flows would represent management's best estimate of the range of economic conditions relating to the CGU, and would be based on historical experience, economic trends, and communication with other key stakeholders of the Company. These key assumptions would include the revenue growth rate, margin as a percentage of revenues, capital expenditures, the inflation growth rate and the discount rate. Significant changes in the key assumptions used in the determination of future cash flows could result in an impairment loss or reversal of a previously recognized impairment loss.

Estimated useful lives of non-financial assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of factors including, but not limited to, the expected use of the asset. If the estimated useful lives change, this could result in an increase or decrease in the annual amortization expense and future impairment charges.

Income taxes

Deferred income tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the consolidated financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations.

The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation, will result in adjustments to the expectations of future timing difference reversals, and may require material deferred tax adjustments.

(expressed in Canadian dollars)

(c) Significant judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is set out below.

Gross versus net revenue recognition

The Company follows the guidance set out in IFRS 15, Revenue from Contracts with Customers in determining the presentation of revenue and costs of sale. The guidance requires the Company to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others. To the extent that revenue is earned through the sale of hardware and accessories to customers, the Company has determined that these amounts should be reported on a gross basis in the consolidated statements of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

4. Cash and cash equivalents

	2018	2017
Cash at bank and on hand	$ 8,775,648	$ 10,642,682
Term deposits	-	2,000,000
Cash and cash equivalents	$ 8,775,648	$ 12,642,682

The term deposits $2,000,000 as at December 31, 2017 matured at January 29, 2018 earning interest at a rate of 0.95% per annum.

5. Trade and other receivables

	2018	2017
Trade and other receivables	$ 1,096,716	$ 2,270,426

In establishing the appropriate expected credit loss, assumptions are made with respect to the future collectability of the receivables. Management believes no expected credit loss is necessary as at December 31, 2018 and 2017 as the amounts are considered to be fully collectible and substantially current.

6. Inventories

All of the Company's inventory consists of finished goods. The cost of inventories recognized as expense and included in cost of sales for the year ended December 31, 2018 amounted to $5,365,317 (2017 - $6,757,686). There have been no inventory write downs in the year (2017 - nil). There are no non-inventory costs such as amortization, salary and payroll and rent and occupancy costs recorded in cost of sales.

(expressed in Canadian dollars)

7. Note receivable

In April 2014, the Company entered into an agreement with a buyer to sell its British Columbia (B.C.) operations (other than investment properties). The transaction closed on April 30, 2014 for $1,000,000. The sales proceeds have been settled via cash of $200,000 and a note receivable of $800,000. The note receivable will be paid over sixty monthly instalments of $13,333, and had a discounted value of $723,987 at inception. The note receivable is non-interest bearing over the five-year term.

8. Loans receivable

Loans receivable are unsecured short-term loans bearing interest ranging from 31% - 48% per annum (2017 - 31% - 48%), with a weighted average rate of 41% per annum (2017 - 41%), from individual customers, from $1,500 to $5,000 with 9 - 36 months flexible repayment terms with no early repayment penalties. Financing revenue earned in the year ended December 31, 2018 is $734,913 (2017 - $456,526).

As of August 24, 2017, the Company has a 23% interest in a joint arrangement that was set up as a partnership together with a member of the Company's management and other non-related parties, to provide a secured loan to an unrelated individual. The joint venture agreement requires unanimous consent from all parties for all major decisions. This entity is therefore classified as a joint operation and the Company has included in the loans receivable a balance of $304,500 (2017 - $96,600), which represents its proportionate share of the outstanding balance. During the year, the Company's share of interest income was $19,737 (2017 - $7,411), which is included in financing revenue. Based on historic default rates, no expected credit loss provisions have been recorded.

9. Marketable securities

	2018	2017
Guaranteed investment certificate (i)	$ 238,000	$ 234,322
Term deposits (ii)	7,000,000	-
Balance - End of year	$ 7,238,000	$ 234,322

i) The guaranteed investment certificate matures on June 9, 2020 (2017 - January 8, 2018), earning interest at 2.25% per annum (2017 - 1.65% per annum).

ii) The term deposits mature between January 14, 2019 to June 3, 2019, earning interest at a rate between 1.90% to 2.30% per annum. $2,000,000 matured after year-end, and were renewed at an interest rate of 2.30% per annum with a maturity date of July 15, 2019.

(expressed in Canadian dollars)

10. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Sign	Computer hardware	Computer Software	Total
Cost								
Balance, January 1, 2017	192,315	1,636,750	585,762	187,637	-	191,157	5,492	2,799,113
Disposals	-	-	(127,443)	-	-	-	-	(127,443)
Additions	-	-	22,572	10,393	7,720	9,650	1,885	52,220
Balance, December 31, 2017	192,315	1,636,750	480,891	198,030	7,720	200,807	7,377	2,723,890
Disposals	-	-	(124,301)	-	-	-	-	(124,301)
Additions	-	-	37,114	2,333	-	3,424	-	42,871
Balance, December 31, 2018	192,315	1,636,750	393,704	200,363	7,720	204,231	7,377	2,642,460
Amortization								
Balance, January 1, 2017	-	431,347	507,062	166,918	-	178,381	1,339	1,285,047
Disposals	-	-	(127,443)	-	-	-	-	(127,443)
Amortization for the year	-	50,172	41,879	10,317	1,287	7,887	2,040	113,582
Balance, December 31, 2017	-	481,519	421,498	177,235	1,287	186,268	3,379	1,271,186
Disposals	-	-	(124,301)	-	-	-	-	(124,301)
Amortization for the year	-	50,172	50,210	7,851	1,544	9,182	2,459	121,418
Balance, December 31, 2018	-	531,691	347,407	185,086	2,831	195,450	5,838	1,268,303
Net carrying amount								
Balance, December 31, 2017	192,315	1,155,231	59,393	20,795	6,433	14,539	3,998	1,452,704
Balance, December 31, 2018	192,315	1,105,059	46,297	15,277	4,889	8,781	1,539	1,374,157

(expressed in Canadian dollars)

11. Investment properties

	Land	Buildings	Total
Cost	$	$	$
Balance, January 1, 2017	721,428	1,375,389	2,096,817
Balance, December 31, 2017	721,428	1,375,389	2,096,817
Balance, December 31, 2018	721,428	1,375,389	2,096,817
Amortization			
Balance, January 1, 2017	-	354,846	354,846
Amortization for the year	-	45,987	45,987
Balance, December 31, 2017	-	400,833	400,833
Amortization for the year	-	45,987	45,987
Balance, December 31, 2018	-	446,820	446,820
Net carrying amount			
Balance, December 31, 2017	721,428	974,556	1,695,984
Balance, December 31, 2018	721,428	928,569	1,649,997

The estimated fair market value of the investment properties at December 31, 2018 was $3,183,000 (2017 - $3,044,000). The fair value was derived based on comparable sales or assessments of similar properties in the same mall or plaza adjusting for specific unit specifications such as size and locations. The Company did not obtain independent valuation for its investment properties. The fair value measurement has been classified as Level 3 in the fair value hierarchy.

12. Loans payable

Loans payable are amounts due to minority shareholders of Adwell Financial Services Inc. The loans are not expected to be repaid in the current fiscal year and is non-interest bearing.

13. Share capital

Authorized
100,000,000 common shares without par value

Issued and outstanding

	Number of shares	Amount $
Balance - December 31, 2017 and December 31, 2018	11,935,513	4,274,676

The Company manages its capital through quarterly board of directors meetings and regular review of financial information to ensure sufficient resources are available to meet day-to-day operation requirements.

(expressed in Canadian dollars)

The Company's objectives when managing capital are:

a) To provide a reasonable return to the shareholders by pricing the products and services commensurately with the level of risk.

b) To safeguard the capital of excess funds on hand by investing with reputable financial institutions for a reasonable return.

Total capital is calculated as follows:

	2018 $	**2017** $
Share capital	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	14,512,875	12,868,490
Non-controlling interests	(31,816)	(49,816)
	19,379,706	17,717,321

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

14. General and administration

General and administration consists of the following:

	2018 $	**2017** $
Bank service charges	117,794	95,954
General and office expenses	296,080	290,337
Insurance	72,511	103,146
Professional fees	206,180	197,336
Rent and occupancy costs	678,529	771,037
Salary and payroll costs	3,529,652	3,317,174
Telephone expenses	58,705	81,478
	4,959,451	4,856,462

15. Other income

Other income is a one time payment received from the Company's service provider as compensation for future residual payments associated with the closing of seven stores in 2018. The Company has no further performance obligations relating to these payments. In 2017, other income was for similar compensation for the closing of four stores.

(expressed in Canadian dollars)

16. Income taxes

a) Components of provision for income taxes

	2018 $	2017 $
Current income tax expense	793,946	512,079
Deferred income tax recovery	22,937	(21,390)
Provision for income taxes	816,883	490,689

b) Income tax rate reconciliation:

Provision for income tax is based on the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income before income taxes.

	2018 $	2017 $
Statutory rates	26.5 %	26.5 %
Income tax provision at statutory rate	815,151	497,550
Increase (decrease) resulting from:		
Income tax expense (recovery) at statutory rate		
Permanent differences	2,205	2,826
Tax return to provision true-ups	(473)	(9,687)
Provision for income taxes	816,883	490,689

c) The tax effects of temporary timing differences that give rise to significant components of the deferred income tax assets are as follows:

	2018 $	2017 $
Non-capital losses carried forward	104,238	129,843
Property and equipment	34,536	31,790
Interest on note receivable	3,106	9,556
Defer rent inducement	(2,632)	(3,534)
Loan loss provision	21,890	16,420
	161,138	184,075

(expressed in Canadian dollars)

Year of expiry	**After tax losses 2018 $**	**After tax losses 2017 $**
2033	1,340	4,228
2034	22,782	22,982
2035	32,479	32,322
2036	43,394	67,300
2037	3,024	25,254
2038	1,246	-
Does not expire	56,873	31,989
	161,138	184,075

17. Stock options

The Company has a stock option plan (the "Plan") that was approved by the shareholders on June 24, 2011. It allows the Company to grant up to 10% of the issued and outstanding common shares at the time of the grant. Under the Plan, a total of 1,193,551 common shares have been reserved for the grant of options.

The Company has not issued any stock options to the directors and employees of the Company in the current year. As at December 31, 2018 and December 31, 2017, the Company had no options outstanding.

18. Earnings per share

	2018 $	**2017** $
Net earnings applicable to common shares	2,241,160	1,402,967
Basic and diluted weighted average number of common shares outstanding	11,935,513	11,935,513
Basic and diluted earnings per share	0.188	0.118

Basic earnings per share was based on the earnings attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share was equal to basic earnings per share.

(expressed in Canadian dollars)

19. Commitments

The table below shows the future minimum payments under operating leases at December 31, 2018:

	$
2019	158,137
2020	71,230
	229,367

During the year ended December 31, 2018, the Company recognized operating lease expense of $592,479 (2017 - $680,726).

The Company has an operating line of credit for $250,000, guaranteed by real property and bearing interest at prime rate plus 0.75%. As at December 31, 2018, the carrying value of the security was $425,646 (2017 - $432,683). There was no utilization of this line of credit as at December 31, 2018 (2017 - $nil).

(expressed in Canadian dollars)

20. Financial instruments

a) The following table summarizes the carrying value of the Company's financial instruments, which approximates fair value:

Financial instrument	Fair value hierarchy	IAS 39 Classification	IFRS 9 Classification/ Measurement	2018 $	2017 $
Cash and cash equivalents	Level 2	Loans and receivables	Amortized cost using the effective interest method	8,775,648	12,646,682
Trade and other receivables	Level 2	Loans and receivables	Amortized cost using the effective interest method	1,096,716	2,270,426
Note receivable	Level 2	Loans and receivables	Amortized cost using the effective interest method	54,975	190,685
Loans receivable	Level 2	Loans and receivables	Amortized cost using the effective interest method	2,012,457	1,309,728
Marketable securities	Level 2	Loans and receivables	Amortized cost using the effective interest method	7,238,000	234,322
Trade accounts payable and other payables and accrued liabilities	Level 2	Other financial liabilities	Amortized cost using the effective interest method	2,761,925	3,067,709
Loans payable	Level 2	Other financial liabilities	Amortized cost using the effective interest method	150,000	150,000

(Level 1) - Based on quoted market prices in active markets.

(Level 2) - Inputs, other than quoted prices in active markets, that are observable, either directly or indirectly.

(Level 3) - Unobservable inputs that are not corroborated by market data.

The carrying amount of cash and cash equivalents, accounts receivable, trade accounts payable and other payables and accrued liabilities approximate the fair values due to the relatively short period to maturity of the instruments. The fair value of the marketable securities and note receivable as at December 31, 2018 is $7,238,000 and $54,975 (2017 - $234,322 and $190,685) respectively.

b) Management of financial risk

Interest rate risk exposure

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. All of the Company's financial assets and liabilities are non-interest bearing except cash and cash equivalents, which bear a floating interest rate, short-term investments, which are at fixed interest rate, and the operating line of credit, which bears interest as described in note 19. Since no funds have been drawn from the lines of credit at December 31, 2018, any fluctuation in the interest rate would not have a significant impact on the Company.

The term deposit earns interest at a fixed rate of 1.90% - 2.3%, and the marketable securities earn interest at a fixed rate of 2.25%. Any fluctuation in the interest rate will not have a significant impact on the Company.

(expressed in Canadian dollars)

Credit risk and economic dependence

Credit risk is the risk that the Company will incur a loss due to the failure by its customers or other parties to meet their contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments and trade receivables. The Company limits its exposure to credit risk by placing its cash and cash equivalents and short-term investments with high credit quality financial institutions.

The Company has a high concentration of credit risk as approximately 81% of the trade receivables at December 31, 2018 (2017 - 93%) were owed by one customer, Rogers Communications Inc. For the year ended December 31, 2018, approximately 85% (2017 - 79%) of the Company's sales revenue was from this customer. Based on historic default rates and the credit quality of our customers, no expected credit loss provisions have been recorded and no collateral is requested for the Company's trade receivables. The agreement with this customer expires on September 30, 2020.

At December 31, 2018, 19.0% (2017 - 7.0%) of trade receivables were outstanding for between 30 and 90 days and the remaining 81.0% (2017 - 93.0%) were outstanding less than 30 days. Trade receivables are considered past due based on the contract terms agreed to with the customer.

The note receivable is from the purchaser of the B.C. operations, and is secured by real properties in the Vancouver, B.C. area. The value of the properties is estimated to be $426,000 (2017 - $432,000).

The carrying amount of financial assets represents the maximum credit exposure.

Cash balances and marketable securities are held with financial institutions with a high credit rating.

	2018 $	2017 $
Neither past due nor impaired		
Cash and marketable securities - A - 1 +	8,360,156	9,562,161
Cash and marketable securities - A	7,414,841	3,080,078
Cash - A - 1	651	443
	15,775,648	12,642,682

The rating disclosed is the Standard & Poor rating for the short-term deposits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. All of the Company's financial liabilities are due within 12 months from December 31, 2018.

It is the Company's intention to meet these obligations through the collection of trade receivables and current cash and cash equivalents. In addition, the Company has available lines of credit as described in note 19.

(expressed in Canadian dollars)

21. Related party transactions

Compensation of key management personnel

Key management personnel comprise the Company's board of directors and executive officers. Key management compensation includes director fees, salaries and performance-based compensation. Total compensation is as follows:

	2018 $	2017 $
Salaries and other benefits	1,269,000	955,400

22. Segmented information

The company has two reportable segments, the Wireless Business and the Financing Business. Segmentation is based on the industries in which the business operate in, independent of one another. The wireless segment provides personal communications products and services to consumers in Canada. The financing segment operates as a private lending company offering personal and collateral loans across the Greater Vancouver and Greater Toronto Area.

Consolidated statements of financial position information by reportable segment at December 31, 2018 was as follows:

	Wireless Business $	Financing Business $	Total $
ASSETS			
Cash and cash equivalents	8,545,195	230,453	8,775,648
Trade and other receivables	935,745	160,971	1,096,716
Inventories	453,693	-	453,693
Note receivable	54,975	-	54,975
Prepaids and deposits	66,521	40,061	106,582
Loans receivable	-	2,012,457	2,012,457
Marketable securities	7,238,000	-	7,238,000
Property, plant and equipment	1,348,313	25,844	1,374,157
Investment properties	1,649,997	-	1,649,997
Deferred income tax assets	123,438	37,700	161,138
Total asssets	20,415,877	2,507,486	22,923,363
LIABILITIES			
Current liabilities	3,315,458	78,199	3,393,657
Loans payable	-	150,000	150,000
Due to related parties	(2,385,000)	2,385,000	-
Total liabilities	930,458	2,613,199	3,543,657

(expressed in Canadian dollars)

Consolidated statements of income and comprehensive income information by reportable segment at December 31, 2018 was as follows:

	Wireless Income $	Financing Income $	Total $
Sales	8,423,986	734,913	9,158,899
Cost of sales	5,365,317	-	5,365,317
Gross profit	3,058,669	734,913	3,793,582
Expenses			
General and administration	4,330,917	628,534	4,959,451
Advertising and promotion	34,201	6,773	40,974
Amortization of property, plant and equipment	101,369	20,049	121,418
Amortization of investment properties	45,987	-	45,987
Total expenses	4,512,474	655,356	5,167,830
Operating income (loss)	(1,453,805)	79,557	(1,374,248)
Other income	4,080,465	-	4,080,465
Investment income			
Rental income	187,929	-	187,929
Interest income	181,897	-	181,897
	369,826	-	369,826
Income from operations before income taxes	2,996,486	79,557	3,076,043

23. Dividends paid

Dividends amounting to $596,776 (2017 - $596,776) were paid on October 12, 2018.

24. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's consolidated financial statements presentation.

25. Subsequent events

The Company closed 7 of its 11 stores by year end 2018 pursuant to a new dealer agreement with its service provider. The Company will continue to operate the remaining 4 stores. The new dealer agreement expires on September 30, 2020.