

FTI Foodtech International Inc. September 30, 2015 MD&A

FTI FOODTECH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2015

The following management's discussion and analysis ("MD&A") of the performance, financial condition and future prospects of FTI Foodtech International Inc. (which is also referred to herein as "FTI" or the "Company") should be read in conjunction with the Company's March 31, 2015 audited financial statements. Further information relating to the Company may be accessed at www.sedar.com. All financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts herein are in Canadian dollars unless otherwise specified. This MD&A is dated as of November 27, 2015.

FORWARD LOOKING STATEMENTS

This MD&A may contain, without limitation, statements concerning possible or assumed future results preceded by, followed by or that include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. FTI Foodtech International Inc. is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors except as required by law. These cautionary statements expressly qualify all forward-looking statements in the MD&A. This MD&A has been prepared based on information available as at November 27, 2015.

OVERALL PERFORMANCE

Throughout the quarter ended September 30, 2015, the Company made a continued its operations in the surplus goods market while management explored multiple opportunities for future direction for the company. The company has signed a marketing and distribution agreement with GlobalEx Global for its chlorine dioxide tablets, marketed under the names OxyTab, ClearTab, AirTab, SteriTab and PoolTab.

Financing

There were no new financing activities during this quarter.

RESULTS OF OPERATIONS

The revenue for the second quarter this year over the second quarter last year was down to \$4,980 compared to \$16,247 in the second quarter F'2015, a decrease of approximately 69%. This was due to management focusing on negotiations with GlobalEx Global and distributors. The cost of product sales was down in the second quarter of 2016 to \$233, compared to the second quarter of 2015 at \$7,232. This was due to the low volume of sales. The loss per share for the second quarter 2016 was \$0.001 compared to a loss of \$0.000 per share in the second quarter of 2015.

Expenses

In the second quarter of 2016 Bank and Financial Charges was \$47 (\$98 Q2 2015), Legal, Audit and Administrative Fees were \$20280 (\$20602 Q2 2015). These expenses for the second quarter of 2016 we related normal course of business.

SUMMARY OF QUARTERLY RESULTS

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	Dec 31 2013	Mar 31 2014	Jun 30 2014	Sep 30 2014	Dec 31 2014	Mar 31 2015	Jun 30 2015	Sep 30 2015
Total revenue	32,010	4,558	9015	15,218	420	7,730	0	4,980
Net Income (Loss)								
- total	26,342	(24,421)	(3,093)	9,754	(1,893)	(57,589)	(2,582)	(18,374)
- per share undiluted	0.002	(0.001)	0.000	0.001	(0.000)	(0.006)	(0.000)	(0.001)
- per share diluted*	0.002	(0.001)	0.000	0.001	(0.000)	(0.005)	(0.000)	(0.001)

* The calculation of diluted earnings (loss) per share excludes options and warrants if they are anti-dilutive or if the average price of the Company's stock did not exceed the exercise prices subsequent to the grant dates.

LIQUIDITY

As at September 30, 2015 the Company had net working capital of approximately negative \$77,215, comprising \$6,964 cash; \$169,370 accounts receivable; and \$4,360 inventories against accounts payable and accrued liabilities of \$41,944 and \$215,965 advances from related company. This is compared to September 30, 2014 the Company had net working capital of approximately negative \$18,643, comprising \$1662 cash; \$170,748 accounts receivable; and \$27,182 inventories against accounts payable and accrued liabilities of \$39,312 and \$178,923 advances from related company. Included in accounts receivable are amounts receivable from barter exchanges in the amount of \$160,798 (March 31, 2015 - \$157,573) which is reflected net of a provision of \$576 (March 31, 2015 - \$576) on barter credits. These amounts can only be realized through the purchase of goods and services through barter exchanges. Management is satisfied that a sufficient value of transactions will be completed through the barter exchanges to realize the value of this balance in the 2016 fiscal year.

Cash flows used in operating activities were negative \$-18374 in the second quarter of 2016 compared to \$2,420 in the second quarter of 2015.

The Company does not have any long term debt. The Company has no financial commitments.

CONTRACTUAL OBLIGATIONS

The Company has no material contractual obligation, leases or commitments as of September 30, 2015.

TRANSACTIONS WITH RELATED PARTIES

During the period, a corporation that owns a significant portion of the Company's capital stock provided premises and administrative services for total consideration of \$nil (March 31, 2015 - \$nil). At September 30, 2015, the Company owed this corporation \$215,965, which is unsecured, non-interest bearing and due on demand and has been included in advance from related party. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

The Company recognizes revenue as follows:

- a) Revenue from the sale of liquidation merchandise is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to wholesalers and retailers) and collectability is reasonably assured. There is no right of return for these products.
- b) Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined principally on a first-in, first-out basis. The nature of the Company's business can result in significant quantities of goods being purchased for sale over a number of years. These goods are reflected at cost until management determines that a write down to net realizable value is required.

CAPITAL STRUCTURE

Outstanding share data:

The Company is authorized by its Articles to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Shares Outstanding at Beginning of Period	12,445,563
Shares issued During Period	-
Shares Outstanding at End of Period	12,445,563
Shares Outstanding as of the date of this MD&A	12,445,563

The Company is governed by Canada Business Corporations Act (the "CBCA"). The company has an unlimited maximum of common shares.

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and approved by the TSX Venture in August 2008, and re-approved annually at the annual general meeting of shareholders, most recently in September, 2014, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the Company, but in any event, within five years of the grant. A maximum of 10% of the outstanding common shares may be reserved for issuance pursuant to outstanding options at any one time. Outstanding options at September 30, 2015 are as follows:

Options Outstanding	Exercise Price per Share	Expiry Date
550,000	\$0.10	October 15, 2015 (Expired as of this MD&A)

The Company has issued 600,000 Incentive Stock Option to its directors on October 15, 2010. Each option is exercisable for \$0.10 and consists of one common share, with an expiry date of October 15, 2015. Subsequent to that date, a director of the company resigned, forfeiting his 50,000 options effective April 4, 2012. The remaining options have now all expired on October 15, 2015. Other than the above mentioned, the company has not issued or retracted any shares or options between September 30, 2015 and the date of this MD&A.

FINANCIAL INSTRUMENTS

Under IFRS, all financial instruments must be classified into a defined category, namely, held-to-maturity, available for sale, loans and receivables, held-for-trading financial assets or financial liabilities and other financial liabilities.

The carrying values of the Company's financial instruments are classified into the following categories:

	September 30, 2015	March 31, 2015
Held for trading assets (a)	6,964	11,569
Loans and receivables (b)	169,370	163,599
Other financial liabilities (c)	257,909	234,861

(a) Cash measured at fair value.

(b) Accounts receivable and advances to related party measured at amortized cost using the effective interest rate method.

(c) Accounts payable and accrued liabilities and due to related company measured at amortized cost.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments. The fair value of the amount due to related party is not determinable as there is no comparable market data.

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 the market interest rate. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. At September 30, 2015, the Company did not have any interest bearing financial assets or liabilities.

Currency risk

The Company's functional currency is the Canadian dollar. The Company did not hold a USD denominated cash account during the period. The majority of the Company's purchases are transacted in Canadian dollars. The Company is therefore exposed to changes in currency in the cash account held, but not subject to any significant currency risks from operations.

Commodity Prices

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable. The carrying value of these instruments represents the Company's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, available credit under existing banking arrangements and opportunities to issue additional Company shares.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

OUTLOOK

The company resumed its activities in the liquidation and surplus goods industry while management will explore opportunities for the Company. The company has signed a marketing and distribution agreement with GlobalEx Global for its chlorine dioxide tablets, marketed under the names OxyTab, ClearTab, AirTab, SteriTab and PoolTab. Any details regarding any opportunities will be released in a timely manner as they become available.