FTI FOODTECH INTERNATIONAL INC.

FINANCIAL STATEMENTS &
MANAGEMENT DISCUSSION & ANALYSIS

FOR THE YEAR ENDED
MARCH 31, 2019

CORPORATE STRATEGY

FTI Foodtech International Inc.'s (FTI's or the Company's) goal is to bring innovation to the barter and food industries through the introduction of new technologies while creating long-term shareholder value. This aim to integrate blockchain technology with these industries is a natural continuation of its long history with Technology Transfer, bringing emerging cutting-edge technology to existing markets to create a synergy that has the power to unlocks their next evolution.

With the Company's strong long-term relationships within these industries, combined with its relationship with FLASH coin, FTI is in a powerful position to be a force for change.

Drawing on the experience of its directors, FTI focused its efforts on the integration of FLASH coin with the barter industry while continuing its activities in the surplus goods industry. These activities continue into fiscal 2020.

EXCHANGE LISTING

TSX Venture Exchange (Symbol: FTI)

TO THE SHAREHOLDERS

The Company's management has continued working on the integration of FLASH coin cryptocurrency with the barter industry. FTI successfully arranged for three Toronto based barter exchanges to accept FLASH coins on their exchanges. Initial testing was successful, and the Company plans to work with these three exchanges to further develop this system before expanding the program to include other barter exchanges, both within the Toronto area and in other locations. The Company is also continuing its operations in the surplus goods market.

Appreciation is expressed to the staff of FTI Foodtech International Inc., to our associates in the food and surplus goods industries and to our shareholders for their continuing support.

On Behalf of the Board of Directors

William Hullah
President

BUSINESS ACTIVITIES

Fiscal 2019 saw FTI exploring the integration of FLASH coin cryptocurrency with the barter industry. The integration would connect the products and services available through participating Barter Exchanges to FLASH coin holders. This would increase the customer base for the members of the barter exchanges while also offering FLASH coin holders more options to spend their cryptocurrency. With successful initial testing, the company continues to work with the exchanges to optimize this process.

CORPORATE GOVERNANCE

FTI Foodtech International Inc. is committed to transparency in our operations and our approach to governance meets recommended standards. Disclosure of our compliance with existing corporate governance rules is part of the Information circular.

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

All information contained in this Annual Report of FTI Foodtech International Inc. including the financial statements, is the responsibility of management and has been approved by the Directors. Financial information presented throughout this report is consistent with the information presented in the financial statements which are prepared in accordance with generally accepted accounting principles. The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee, a majority of whom are not employees of the Corporation. The Audit Committee meets annually with management and the independent auditors both of whom have full and free access to the Committee.

FTI FOODTECH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019

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, 2019 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 Standard ("IFRS") and all dollar amounts herein are in Canadian dollars unless otherwise specified. This MD&A is dated as of July 30, 2018.

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 July 29, 2019.

OVERALL PERFORMANCE
Fiscal 2019 saw FTI exploring the integration of FLASH coin cryptocurrency with the barter industry. The integration would connect the products and services available through participating Barter Exchanges to FLASH coin holders. This would increase the customer base for the members of the barter exchanges while also offering FLASH coin holders more options to spend their cryptocurrency. With successful initial testing, the company continues to work with the exchanges to optimize this process.

FINANCING
During the year, the Company closed a private placement for $286,650. The Company issued 573,300 units at an issue price of $0.50 per unit, each unit comprised of one common share and one common share purchase warrant. Each warrant is exercisable at $1.00 for one common share with an Expiry date of March 31, 2019. These warrants were subsequently extended to March 31, 2020.

Other than noted above there were no new financing activities during the 2018 fiscal year.

SELECTED ANNUAL INFORMATION
The following table highlights selected financial information for the Company's past three years:

	Year ended March 31, 2019	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Revenue	$124,888	$22,264	$44,313
Net Income (Loss)	$(279,431)	$(406,184)	$1,603
Net Income (Loss) per Share	$0.020	$0.029	$ 0.000
Total Assets	$193,740	$324,091	$115,019
Long Term Debt	$232,491	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

**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.

RESULTS OF OPERATIONS
The revenue for this year over last year was up by approximately 460% with 2019 revenues of $124,888 compared to $22,264 the previous year. The cost of product sales was up by approximately 660%% to $132,600 in 2019 over the previous year (417,474). This was due two factors. The first was the increase in overall sales resulting in a cost of merchandise of $61,468, and the second was the inclusion of a provision of $71,222 for the FLASH coins held in inventory.
Gross margin decreased to negative 6% (Gross loss of $7,802) in 2019 from 22% (Gross profit of $4,790) in 2018. The loss per share for 2019 was $0.020 compared to a loss per share of $0.031 per share in 2018.

Expenses
In 2019, Bank and Financial Charges were $173.20, Legal, Audit Fees were $20,670, Public Company Listing Fees were $7,855, Inventory writedowns were $71,221 other Administrative Fees were $6029 and Share Based Payments were $146,580. Compared to, in 2018, Bank and Financial Charges were $264, Legal, Audit Fees were $20,800, Public Company Listing Fees were $5053 Bad Debt Expense was $8,589, other Administrative Fees were $2024 and Share Based Payments were $314,442. In 2019, the Company recognized an impairment on its barter credits of $3,203; compared to an impairment of $5,528 recognized in 2018.

SUMMARY OF QUARTERLY RESULTS

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

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jun 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018	Jun 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019
Total revenue	8,755	750	7,771	4,988	24,133	5,986	86,151	8,618
Net Income (Loss) - total - per share	 7,376 0.001	 (28,593) (0.002)	 2,929 0.000	 (387,896) (0.028)	 (52,278) (0.004)	 (46,161) (0.003)	 8783 0.000	 (198,393) (0.013)

* 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.

FOURTH QUARTER

The fourth quarter revenue in 2019 was $8,618, compared to $4,988 in the fourth quarter of 2018. This was mainly due to management focusing on exploring an opportunity for the company. The fourth quarter had a loss of $198,393 in 2019 compared to a loss of $387,896 in 2018, which was mainly due to the expenses related to the private placement, marketing activities and the writedown of FLASH coins held in inventory.

LIQUIDITY

At March 31, 2019 the Company had net working capital of approximately $54,963 comprising $2,553 cash; $58,468 of barter credits, $7,348 receivable and $11,371 inventories against accounts payable and accrued liabilities of $24,777. This is compared to March 31, 2018 the Company had net working capital deficit of approximately $187,327 comprising $155,629 cash; $75,546 of barter credits, $17,511 accounts receivable; $75,405 prepaid expenses and $nil inventories against accounts payable and accrued liabilities of $20,312; advances from a related company of $240,106; and unit issuance obligation of 281,000.

The Company had barter credits with a total recoverable value of $58,468 (2018 - $75,546). These amounts can only be realized through the purchase of goods and services through these barter exchanges. Management is satisfied that a sufficient value of transactions will be completed through these barter exchanges to realize a large portion of the value of this balance in the future.

Cash flows from operating activities were negative $165,289 in 2019 compared to negative $216,844 in 2018. The use of cash was attributable to the increases in inventories and accounts payable. Cash flows from financing activities resulted in a net inflow of $12,221 in 2019 compared to a net inflow of $364,481 in 2018.

At march 31, 2019, the Company had $232,491 of long-term debt owed to a related company. (2018 - nil). See Transactions with Related Parties.

CONTRACTUAL OBLIGATIONS

The Company has no material contractual obligations, leases or commitments at March 31, 2018.

TRANSACTIONS WITH RELATED PARTIES

Amounts due to related company are unsecured, are non-interest bearing and are repayable on demand. At March 31, 2019, the Company owed a related company $232,491 (2018 - $240,106), which is unsecured, non-interest bearing and due on demand and has been included in advance from related party. This amount has been classified as a long-term debt.

During the year ended March 31, 2019, the Company settled $14,176 (2018 - $55,857) of advances from a related party with barter credits and recognized a gain of $2,992 (2018 - $13,964).

On May 18, 2018, 700,000 stock options were issued to the four directors of the Corporation with an exercise price of $0.20. These options were valued at $146,580 using Black-Scholes model. See note 11 of the March 31, 2019 financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Revenue recognition
Revenue from the resale 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. Sale of liquidation merchandise through the Barter Exchanges results in the earning of barter credits which are measured at the fair value of the barter credits received or receivable. In the case of returns, the Company's policy is to offer exchanges of merchandise of similar value for goods returned in a timely manner by the customers.

Inventories
Inventories comprising finished goods relate to liquidation merchandise, which are purchased for resale and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of goods held comprises the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

New accounting pronouncements
Please refer to the notes of the financial statements of the Company dated March 31, 2019 for further information on the Company's accounting policies and estimates.

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	13,668,863
Shares issued During Period	-
Shares Outstanding at End of Period	13,668,863
Shares Outstanding as of the date of this MD&A	13,668,863

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

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and initially approved by the TSX Venture in August 2008, and is reapproved annually by shareholders at the AGM, 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 March 31, 2019 are as follows:

	Options Outstanding	Exercise Price per Share	Expiry Date
At March 31, 2019	700,000	$0.20	May 18, 2021
As of this MD&A	700,000	$0.20	May 18, 2021

Options Outstanding at Beginning of Period	700,000
Options Exercised During Period	-
Options Expired During Period	-
Options Issued During Period	-
Options Outstanding at End of Period	700,000
Options Outstanding as of the date of this MD&A	700,000

Outstanding Warrants at March 31, 2019 are as follows:

Warrants Outstanding	Exercise Price per Share	Expiry Date
250,000	$0.50	February 25, 2020
575,300	$1.00	March 31, 2020
823,300	$0.85 Average	

Warrants Outstanding at Beginning of Period	823,300
Warrants Exercised During Period	-
Warrants Expired During Period	-
Warrants Issued During Period	-
Warrants Outstanding at End of Period	823,300
Warrants Outstanding as of the date of this MD&A	823,300

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:

	March 31, 2019	**March 31, 2018**
Fair value through profit and loss (a)	2,553	155,629
Loans and receivables (b)	7,348	17.511
Other financial liabilities (c)	24,777	541,418

(a) Cash measured at fair value.
(b) Accounts receivable measured at amortized cost using the effective interest rate method.
(c) Accounts payable and accrued liabilities, and advances from a 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.

Currency risk

The Company's functional currency is the Canadian dollar. All of the company's cash is denominated in Canadian dollars. All of the Company's purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at period end. The Company is therefore not subject to any significant currency risks from operations

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 (other than barter credits).

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. As at March 31, 2019, the Company has net accounts receivable (other than barter credits) of $7,348 (March 31, 2018 - $17,511) that are over 90 days old with no allowance for doubtful accounts.

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, seeking to obtain credit under banking arrangements and opportunities to issue additional Company shares. The financial obligations of the Company mature in one year or less.

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

FTI's aim to integrate blockchain technology with the barter and food industries, is a natural continuation of its long history with Technology Transfer, bringing emerging cutting-edge technology to existing markets to create a powerful synergy that unlocks their next evolution. With the Company's strong, long-term relationships within these industries, and its relationships with SafeCash and FLASH coin, FTI is in a powerful position to be a force for change. Drawing on the experience of its directors, FTI has focused its efforts on the integration of FLASH coin with the barter industry while continuing its activities in the surplus goods industry.

NVS CHARTERED ACCOUNTANTS
PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of **FTI Foodtech International Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **FTI Foodtech International Inc.** (the "Corporation"), which comprise of the statements of financial position as at **March 31, 2019** and **March 31, 2018**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at **March 31, 2019** and **March 31, 2018**, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our audit opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation’s ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

INDEPENDENT AUDITOR'S REPORT

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation’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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

NVS CHARTERED ACCOUNTANTS
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the 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 Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

NVS CHARTERED ACCOUNTANTS
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

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 Sadik Najarali.

NVS Chartered Accountants Professional Corporation

NVS Chartered Accountants Professional Corporation
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

Markham, Ontario
July 26, 2019

FTI FOODTECH INTERNATIONAL INC.

Statements of Financial Position
As at March 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
Assets			
Current assets			
Cash		2,553	155,629
Accounts receivable	7	7,348	17,511
Barter credits	6	58,468	9,546
Inventory	8	11,371	-
Prepaid expenses		-	75,405
Total current assets		79,740	258,091
Non-current barter credits	6	114,000	66,000
Total assets		193,740	324,091
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	24,777	20,312
Advances from a related company	12	-	240,106
Unit issuance obligation	11	-	281,000
Total current liabilities		24,777	541,418
Advances from a related company	12	232,491	-
Total liabilities		257,268	541,418
Equity			
Share capital	11	5,246,138	5,098,269
Share option reserve	11	389,007	242,427
Expired share option	11	4,740	4,740
Shares and warrants to be issued	11	453,223	314,442
Accumulated deficit		(6,156,636)	(5,877,205)
Total equity		(63,528)	(217,327)
Total liabilities and equity		$ 193,740	324,091

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 10)
Events after the reporting period (Note 15)

Signed: "Gary Hullah", Director

Signed: "Bill Hullah", Director

See accompanying notes to the financial statements.

FTI FOODTECH INTERNATIONAL INC.

Statements of Comprehensive Income (Loss)
For the years ended March 31, 2019 and 2018

(Expressed in Canadian dollars, except shares)

	Notes	2019	2018
		$	$
Product sales		124,888	22,264
Cost of product sales	10	132,690	17,474
Gross Profit		(7,802)	4,790
Expenses			
General and administrative fees		127,401	96,379
Bad debt expense (recovery)		(2,563)	8,589
Barter credits (recovery) write-down	6	3,203	5,528
Share based payments	11	146,580	314,442
		274,621	424,938
Loss before undernoted items and income taxes		(282,423)	(420,148)
Gain on settlement of related party balances		2,992	13,964
(Loss) income before income taxes		(279,431)	(406,184)
Deferred income tax expenses recovery		-	-
Net (loss) earnings and comprehensive (loss) earnings		(279,431)	(406,184)
Earnings (loss) per share			
Basic and diluted		(0.020)	(0.031)
Weighted average number of common shares outstanding			
Basic and diluted		13,668,863	13,095,563

See accompanying notes to the financial statements.

FTI FOODTECH INTERNATIONAL INC.

Statements of Changes in Equity

(Expressed in Canadian dollars, except shares)

	Notes	Share Capital Number	Share Capital Amount	Option Reserve	Expired Share Option	Shares and warrants to be issued	Accumulated Deficit	Total equity
			$	$	$	$	$	$
Balance at March 31, 2017		**12,445,563**	**4,972,849**	**302,847**	**$ 4,740**	**-**	**(5,471,021)**	**(190,585)**
Options excercised		650,000	125,420	(60,420)	-	-	-	65,000
Share based payments	11	-	-	-	-	314,442	-	314,442
Net earnings		-	-	-	-	-	(406,184)	(406,184)
Balance at March 31, 2018		**13,095,563**	**5,098,269**	**242,427**	**4,740**	**314,442**	**(5,877,205)**	**(217,327)**
Issuance of shares	11	573,300	147,869		-	138,781	-	286,650
Share based payments	11	-	-	146,580	-		-	146,580
Net earnings		-	-	-	-	-	(279,431)	(279,431)
Balance at March 31, 2019		**13,668,863**	**5,246,138**	**389,007**	**4,740**	**453,223**	**(6,156,636)**	**(63,528)**

See accompanying notes to the financial statements.

FTI FOODTECH INTERNATIONAL INC.

Statements of Cash Flows
For the years ended March 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
		$	$
Operating activities			
Net (loss)		(279,431)	(406,184)
Items not involving cash			
Bad debt expense (recovery)		(2,563)	8,589
Sales on barter exchange		(114,898)	(22,264)
Purchases on barter exchange		14,363	-
HST on barter exchange		(10,774)	-
Share-based payments		146,580	314,442
Gain on settlement of related party balances		(2,992)	(13,964)
Barter credits (recovery) write-down		3,203	5,528
Impairment of inventory		71,222	6,465
		(175,290)	(107,388)
Net changes in non-cash working capital			
Accounts receivable		12,726	(16,346)
Prepaid expenses		75,405	(75,405)
Accounts payable and accrued liabilities		4,465	(15,946)
Inventories		(82,593)	(1,759)
		(165,287)	(216,844)
Financing activities			
Advances from a related company		6,561	18,481
Share unit obligation		(281,000)	281,000
Options excercised		-	65,000
Private placement		286,650	-
		12,211	364,481
Net change in cash		(153,076)	147,637
Cash, beginning of year		155,629	7,992
Cash, end of year		2,553	155,629
Supplemental Disclosure			
Advances from related party settled with barter credits		14,176	55,857

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS

FTI Foodtech International Inc. ("FTI" or "the Corporation") was incorporated on April 3, 1979 under the Canada Business Corporations Act, is listed on the TSX Venture Exchange ("TSXV") under the symbol FTI. The primary business of the Corporation is the resale of liquidation merchandise. The Corporation exchanges goods on Barter Exchanges for which transactions are tendered using Barter Exchange Dollars ("Barter Credits").

The Corporation’s registered address and principal place of business is 156 Abbeywood Trail, Toronto, Ontario, M3B 3B7.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

For the year ended March 31, 2019, the Corporation reported a net loss of $279,431 (2018 – net loss of $406,184) and has an accumulated deficit of $6,156,636 (2018 - $5,877,205) and a working capital of $54,963 (2018 - deficit of $283,327). The Corporation’s ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and to obtain additional financing, the Corporation has successfully obtained financing in the form of advance from a related party in order to meet its working capital needs. However, there is no assurance that this initiative will be successful and, as a result, there is material uncertainties that may cast significant doubt regarding the Corporation’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").
The financial statements were authorized for issue by the Board of Directors of the Corporation on July 26, 2019.

Functional Currency

The financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

Basis of Preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below.

Cash

Cash consist primarily of cash on hand less outstanding cheques and demand deposits with banks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Barter Credits

A large portion of the Corporation's main business is conducted through the use of Barter Exchanges. Sales and purchases made through the Barter Exchanges result in the receipt and use of barter credits. The value of the barter credits are recorded at its recoverable value, which is assessed by management as a factor of the likelihood that the Corporation will redeem these credits and their ability to redeem these credits. Barter credits are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the value that would be received in exchange for the barter credits between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to utilization of the barter credits. Value in use is equal to the present value of future inflows expected to be derived from the barter credits.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it recoverable amount. Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in profit or loss.

Inventories

Inventories comprising finished goods relate to liquidation merchandise, which are purchased for resale and are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out method. The cost of goods held comprises the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

Revenue Recognition

Revenue from the resale 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. Sale of liquidation merchandise through the Barter Exchanges results in the earning of barter credits which are measured at the fair value of the barter credits received or receivable. In the case of returns, the Corporation's policy is to offer exchanges of merchandise of similar value for goods returned in a timely manner by the customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share-based Payments

The Corporation uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to the statement of operations over the applicable vesting period, with an offsetting credit to share option reserve. Options granted to non-employees are measured at fair value of goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted. Such expense is also charged to the statement of operations at the date the options are fully vested, with an offsetting credit to share option reserve. The cumulative expense is recognized for equity settled transactions at each reporting date until the vesting date reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest.

Consideration received upon exercise of share purchase options, along with the related amount previously recorded in share option reserve, is credited to share capital. Cash received on the exercise of stock options is recorded in share capital and the related compensation included in share option reserve is transferred to share capital to recognize the total consideration for the shares issued.

Income Taxes

The Corporation accounts for income taxes in accordance with the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to tax losses carried forward and differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred income 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. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the date of enactment or substantive enactment.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on income per share. For the year ended March 31, 2019, no potential stock options are included in the computation as they are anti-dilutive.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions (Cont'd)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Units Issuance

From time to time, the Corporation may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Corporation and a whole, or fraction of, a share purchase warrant. The Corporation allocates the proceeds from each unit to the common share and warrant components based on their residual value of the units to shares using the Black Scholes pricing model.

Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities. Critical estimates used in the preparation of these financial statements include, among others, the provision for doubtful accounts receivable, the recoverable value of barter credits, determination of the net realizable value of inventory, and the inputs used in the valuations of stock options and warrants issued.

Significant accounting judgments made by management include their assessment of whether the Corporation can continue to operate as a going concern, management's assessment of the presentation of the barter credits between current and non-current and management's assessment of whether the Corporation would generate future taxable profit to utilize their non-capital losses

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized costs or FVTOCI are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of the financial instruments classified as fair value through profit and loss (FVTPL) are recognized immediately in the profit or loss within the statements of comprehensive income.

(a) Financial assets

The Corporation classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)). The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

Financial Assets at Amortized Cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near term or for short-term profit making (held-for-trading).

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as fair value through profit or loss. The gains or losses, if any, arising on remeasurement of FVTPL are recognized in profit or loss within the statements of comprehensive income.

The method of measurement of instruments in debt instruments will depend on the business model in which the instrument is held. For instruments in equity instruments, it will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(b) Financial Liabilities

Financial liabilities are classified as FVTPL when the financial liability is either heldfortrading or is designated at FVTPL. Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on remeasurement of held for trading financial liabilities are recognized in profit or loss within the statements of comprehensive income. Such gains or losses recognized in profit or loss includes any interest paid on the financial liabilities. Financial liabilities that are not held for trading and are not designated as FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Corporation are measured at amortized cost.

Impairment
The Corporation assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods after April 1, 2018 or later periods. In the current fiscal year, the Corporation has adopted the new standards for the fiscal year beginning April 1, 2018.

Amendments to IFRS that are mandatorily effective for the period

The Corporation adopted IFRS 15 on April 1, 2018. IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Corporation expects to be entitled in exchange for those goods or services.

IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The Corporation's adoption of the new standard has no effect on the previous period's financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS (CONT'D)

The Corporation adopted IFRS 9 on April 1, 2018. IFRS 9 Financial Instruments was issued by the IASB in July 2014 and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for: 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AMC"), fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The adoption of IFRS 9 has had no material impact on the previously stated financial statements.

The Corporation adopted IFRS 16 on April 1, 2018. IFRS 16 Leases was issued by the IASB on January 13, 2016 and replaces IAS 17 Leases. IFRS 16 requires all leases to be reported on an entity's statement of financial position as assets and liabilities, unless the lease term is 12 months or less or the underlying asset has a low value. The Corporation's adoption of IFRS 16 has no effect on the previous period's financial statements.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory at certain dates or later. Management is still assessing the effects of the pronouncements on the Corporation. The standards impacted that may be applicable to the Corporation are the following:

IFRIC 23 *Uncertainty over income tax treatments* was issued by the IASB in June 2017, provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. The Corporation is currently analyzing the potential effects of adopting this standard on its financial statements.

6. BARTER CREDITS

Barter credits are available through the Barter Exchanges in the amount of $172,468 (2018 - $75,546) which are reflected net of a recovery (impairment) of $(3,203) (2018 - $5,528). The recovery (impairment) was recognized as the recoverable value of the barter credits was above/(below) the carrying amount of the barter credits. Barter credits that have been classified as current are based upon the expected use of barter credits within one year using historical information.

The barter credits can only be realized through the purchase of goods and services through these 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 future.

(Expressed in Canadian dollars)

7. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	$ 18,589	$ 31,315
Allowance for doubtful accounts	(11,241)	(13,804)
Balance	$ 7,348	$ 17,511

8. INVENTORY

	2019	2018
Flash coins	$ 82,593	$ -
Provision for flash coin inventory	(71,222)	-
Balance	$ 11,371	$ -

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable	$ 5,277	$ 812
Accrued liabilities	19,500	19,500
Balance	$ 24,777	$ 20,312

10. COST OF PRODUCT SALES

	2019	2018
Cost of liquidation merchandise	$ 61,468	$ 17,474
Provision for flash coin inventory	71,222	-
Balance	$ 132,690	$ 17,474

11. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value and preferred shares without par value

(b) Stock options

The Corporation’s Incentive Stock Option Plan, as amended by the Corporation’s Board of Directors and approved by the TSX Venture Exchange in August 2008, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Corporation. 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 option agreement. The aggregate number of common shares that may be reserved for issuance pursuant to options shall not exceed 10% of the outstanding common shares at the time of the granting of an option, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (CONT'D)

(b) Stock options (cont'd)

The following table presents information concerning stock options granted by the Corporation:

	Number of Options	Weighted Average Exercise Price
Balance outstanding - March 31, 2017	650,000	$0.10
Exercised during the year	(650,000)	$0.10
Balance outstanding – March 31, 2018	Nil	$0.00
Granted during the period	700,000	$0.20
Balance outstanding – March 31, 2019	700,000	$0.20

On May 18, 2018 the Corporation granted four Directors a total of 700,000 options exercisable at $0.20 per option, with an expiry date of May 18, 2021. For purposes of estimating the fair market value under the Black-Scholes option pricing model, the options were valued at $146,580. The following assumptions were used to estimate this figure.

	2019
Risk free interest rate	2.14%
Estimated life of options (years)	3.00
Expected volatility	254%
Market price of shares at date of issuance	$0.215

The following table summarizes information about the Corporation's outstanding stock options at March 31, 2019:

Number of Options	Exercisable	Weighted Average Exercise Price	Expiry Date
700,000	700,000	$ 0.20	May 18, 2021

(c) Share-based payment

On February 26, 2018, 250,000 common shares and 250,000 warrants remain unissued as compensation for services rendered by a consultant on a consulting agreement. Each warrant is exercisable for one share of the Corporation at an exercise price of $0.50. The fair value of the services provided was recorded as an expense for $314,442. The following assumptions were used to calculate the fair value of each warrant.

	2018
Risk free interest rate	1.79%
Estimated life of options (years)	2.00
Expected volatility	101%
Market price of shares at date of issuance	$0.70

(d) Share Issuance

On April 17, 2018, the Corporation completed a private placement of 573,300 units for total gross proceeds of $286,650 that eliminated the share issuance obligation of $281,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.50 for a period of 12 months following closing of the offering. During the year, the

(Expressed in Canadian dollars)

11. SHARE CAPITAL (CONT'D)

Corporation extended the expiry date of the warrants to March 31, 2020. The warrants had a fair value at grant of $110,303 using the Black-Scholes model. The following assumptions were used to estimate this figure.

	2019
Risk free interest rate	1.88%
Estimated life of options (years)	2.00
Expected volatility	294%
Market price of shares at date of issuance	$0.205

Fair value of issued common shares was $117,527. Gross proceeds were allocated based on the percentage of fair value. Thus, $147,869 was allocated to common shares and $138,781 was allocated to warrants.

Outstanding Warrants at March 31, 2019 are as follows:

Warrants Outstanding	Exercise Price per Share	Expiry Date
250,000	$0.50	February 25, 2020
573,300	$0.60	March 31, 2020
823,300	Avg $0.57	

The following table presents information concerning warrants granted by the Corporation:

Outstanding at Beginning of Period	250,000
Issued During Period	573,300
Expired During Period	-
Outstanding at End of Period	823,300
Outstanding as at March 31, 2019	823,300

The Corporation has not issued or retracted any shares, options or warrants as at March 31, 2019.

12. RELATED PARTY TRANSACTIONS

Advances from a related company are amounts due to a company with common control. These amounts are unsecured, non-interest bearing and due on demand. The Corporation does not expect to repay the loan in the coming year.

On May 18, 2018, 700,000 stock options were issued to four of the Corporation's directors, with an exercise price of $0.20. Refer to Note 11, these stock options were valued at $146,580 using Black-Scholes model (Note 11).

(Expressed in Canadian dollars)

13. INCOME TAXES

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in the financial statements:

	2019	2018
Loss before income taxes	$(279,431)	$(406,184)
Combined federal and provincial statutory income tax rate	26.5%	26.5%
Expected income tax recovery	(74,049)	(107,639)
Adjustment to expected income tax benefit:		
Non-deductible expenses	43,327	85,081
Other reconciling items		(3,683)
Change in deferred income taxes not recognized	30,723	26,241
Income tax provision (recovery)	$ -	$ -

(b) Deferred income tax balances

Temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2019	2018
Non-capital loss carry forward	$410,104	$373,762
Capital assets		65,940
Reserves	26,766	22,338
Deferred tax asset	436,870	462,040
Deferred tax asset not recognized	(436,870)	(462,040)
Total	-	-

(c) Loss and Tax Credit Carryforwards

As at March 31, 2019, the Corporation has non-capital losses of $1,547,564 expiring as follows:

2026	$177,495
2028	134,454
2029	281,928
2030	302,918
2031	68,996
2032	98,107
2033	86,907
2034	14,886
2035	77,728
2036	56,005
2037	12,240
2038	119,966
2039	115,934
	$1,547,564

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed to financial risks arising from its financial instruments. The financial risks include market risk relating to interest rates and foreign exchange rates, credit risk and liquidity risk.

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 judgment, 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, and advances from a related company approximate their carrying values due to the short-term maturity of these instruments.

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 Corporation manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. At March 31, 2019 and 2018, the Corporation did not have any interest bearing financial assets or liabilities.

Currency Risk

The Corporation’s functional currency is the Canadian dollar. All of the Corporation’s cash is denominated in Canadian dollars. All of the Corporation’s purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at period end. The Corporation is therefore not subject to any significant currency risks from operations.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Corporation to concentrations of credit risk consist of cash and accounts receivable (other than barter credits).

The Corporation has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Corporation is exposed to credit risk with respect to its accounts receivable. As at March 31, 2019, the Corporation has net accounts receivable (other than barter credits) of $11,382 (2018 - $25,943) that are over 90 days old with $11,246 allowance for doubtful accounts (2018 - $13,804).

The carrying value of these instruments represents the Corporation’s maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation 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, seeking to obtain credit under banking arrangements and opportunities to issue additional shares of the Corporation. The financial obligations of the Corporation mature in one year or less.

15. CAPITAL MANAGEMENT

The Corporation’s capital structure is comprised of shareholders’ deficiency including working capital. The Corporation’s objectives when managing its capital is to maintain a conservative capital structure which will allow the Corporation to ensure that it has sufficient cash resources to fund ongoing operations and provide financial flexibility to execute on strategic opportunities. The Corporation manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Corporation may adjust capital spending, issue new shares or issue new debt. There were no changes to the Corporation’s approach to capital management during the year.

16. SUBSEQUENT EVENTS

On May 28, 2019, the Corporation announced that it had withdrawn from negotiations with Stemtech Corporation (“Stemtech”) connected with the MOU announced March 21, 2019. FTI and Stemtech had been working together since the announcement to reach a mutually beneficial arrangement to develop a blockchain application for the Multi-Level Marketing (MLM) industry.

DIRECTORS

William A. Hullah, M.Sc.
Toronto, Ontario
President and Principal Owner of
Cardinal Biologicals Ltd.
And President of the Company

Gary R. Hullah
Toronto, Ontario
Vice-President and CFO
Businessman

Dr. Linda Lakats
Toronto, Ontario
Professor, York University

JoAnne Strongman
Vancouver, B.C.
Businesswoman

OFFICERS

William A. Hullah, M.Sc.
President and CEO

Gary R. Hullah
Vice-President and CFO

Robert Isles
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TRANSFER AGENT AND REGISTRAR

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Vancouver, B.C., Canada
V6C 3B9

SHARES LISTED

TSX Venture Exchange	Symbol: FTI

CAPITALIZATION

Authorized	Unlimited common shares
Issued and Outstanding	13,668,863 shares

INFORMATION

Annual and Quarterly reports are available through www.sedar.com or through our website.

Website: **www.fti-foodtech.com**

Information on trading FTI Foodtech International Inc. shares appears in major newspapers and online.

Printed in Canada.