

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR NINE MONTHS ENDED OCTOBER 31, 2015 and 2014**  
*(Expressed in Canadian Dollars)*  
*(Unaudited – Prepared by Management)*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited condensed interim consolidated financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT OCTOBER 31, 2015 AND JANUARY 31, 2015**

*(Expressed in Canadian dollars)*  
*(Unaudited – Prepared by Management)*

	<b>October 31, 2015</b>	January 31, 2015
		(Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 150,846	\$ 250,911
GST receivable	1,984	3,710
Other receivable	3,215	-
Prepaid expense	1,480	1,430
	<b>157,525</b>	256,051
Deferred financing costs		1,000
<b>Total assets</b>	<b>\$ 157,525</b>	<b>\$ 257,051</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 631	\$ 23,305
<b>Equity</b>		
Share capital (Note 3)	742,774	503,774
Share subscribed (Note 3)	-	240,000
Contributed surplus (Note 3)	44,228	44,228
Deficit	(630,108)	(554,256)
<b>Total equity</b>	<b>156,894</b>	<b>233,746</b>
<b>Total liabilities and equity</b>	<b>157,525</b>	<b>257,051</b>

**NATURE OF BUSINESS AND GOING CONCERN (NOTE 1)**

The condensed interim consolidated financial statements were authorized for issue by the board of directors on December 21, 2015 and were signed on its behalf by:

/s/ "Ying Zhou"  
 Ying Zhou, Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**CONDENSED INTERM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
*(Expressed in Canadian dollars)*  
*(Unaudited – Prepared by Management)*

	For the three months ended		For the nine months ended	
	October 31,		October 31,	
	2015	2014	2015	2014
<b>Expenses</b>				
Professional fees	\$ 11,063	\$ 16,489	\$ 32,477	\$ 33,816
Salaries and benefits (Note 5)	8,298	14,914	24,893	40,124
Listing and transfer agent expenses	3,553	5,154	11,787	12,895
Office and miscellaneous	2,499	4,863	6,695	10,862
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (25,413)</b>	<b>\$ (41,420)</b>	<b>\$ (75,852)</b>	<b>\$ (97,697)</b>
<b>Net loss per common share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>17,115,937</b>	<b>14,716,630</b>	<b>16,793,593</b>	<b>14,564,533</b>

(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	Number of Old Common Shares (Note 3)	Number of New Common Shares (Note 3)	Number of class 1 Reorganization Shares (Note 3)	Share Capital (Note 3)	Shares Subscribed	Contributed Surplus	Deficit	Total Equity
				\$	\$	\$	\$	\$
<b>Balance, January 31, 2014 (Audited)</b>	<b>14,477,500</b>	-	-	<b>482,573</b>	-	<b>38,410</b>	<b>(451,273)</b>	<b>69,710</b>
Stock options exercised at \$0.10 (Note 3)	240,000	-	-	29,071	-	(5,071)	-	24,000
Comprehensive loss	-	-	-	-	-	-	(97,697)	(97,697)
<b>Balance, October 31, 2014</b>	<b>14,717,500</b>	-	-	<b>511,644</b>	-	<b>33,339</b>	<b>(548,970)</b>	<b>(3,987)</b>
Exchange of existing common shares for one new common share and one Class 1 reorganization share (Note 3)	(14,717,500)	14,717,500	14,717,500	-	-	-	-	-
Redemption of Class 1 reorganization shares from P2P (Note 3)	-	-	(14,717,500)	(58,870)	-	-	-	(58,870)
Stock options granted	-	-	-	-	-	10,889	-	10,889
Issuance of shares on conversion of convertible debt	-	398,437	-	51,000	-	-	-	51,000
Share subscription received	-	-	-	-	240,000	-	-	240,000
Comprehensive loss	-	-	-	-	-	-	(5,286)	(5,286)
<b>Balance, January 31, 2015 (Audited)</b>	-	<b>15,115,937</b>	-	<b>503,774</b>	<b>240,000</b>	<b>44,228</b>	<b>(554,256)</b>	<b>233,746</b>
Completion of private placement (Note 3)	-	2,000,000	-	240,000	(240,000)	-	-	-
Share issuance cost (Note 3)	-	-	-	(1,000)	-	-	-	(1,000)
Comprehensive loss	-	-	-	-	-	-	(75,852)	(75,852)
<b>Balance, October 31, 2015</b>	-	<b>17,115,937</b>	-	<b>742,774</b>	-	<b>44,228</b>	<b>(630,108)</b>	<b>156,894</b>

(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Expressed in Canadian dollars)*

*(Unaudited – Prepared by Management)*

	For the three months ended October 31,		For the nine months ended October 31,	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Net loss for the period	\$ (25,413)	\$ (41,420)	\$ (75,852)	\$ (97,697)
Changes in non-cash working capital items:				
Decrease in HST/GST receivable	3,292	5,353	1,726	4,169
Increase in other receivable	(1,395)	-	(3,215)	-
Increase in prepaid expenses	-	-	(50)	(1,430)
Increase in accounts payable and accrued liabilities	(13,501)	1,591	(22,674)	4,018
	<b>(37,017)</b>	<b>(34,476)</b>	<b>(100,065)</b>	<b>(90,940)</b>
<b>Cash flows from investing activities</b>				
Net cash used in investing activities	-	-	-	-
<b>Cash flows from financing activities</b>				
Cash received from convertible debt	-	50,000	-	50,000
Share subscriptions	-	2,000	-	24,000
Net cash received from financing activities	-	52,000	-	74,000
<b>Increase in cash and equivalents</b>	<b>(37,017)</b>	<b>17,524</b>	<b>(100,065)</b>	<b>(16,940)</b>
<b>Cash and equivalents, beginning of the period</b>	<b>187,863</b>	<b>48,175</b>	<b>250,911</b>	<b>82,639</b>
<b>Cash and equivalents, end of the period</b>	<b>\$ 150,846</b>	<b>\$ 65,699</b>	<b>\$ 150,846</b>	<b>\$ 65,699</b>

**SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 5)**

(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2015 AND 2014**

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**1. NATURE OF BUSINESS AND GOING CONCERN**

Cascadia Consumer Electronics Corp. (the “Company” or “Cascadia”) was incorporated on November 10, 2011 under the laws of British Columbia, Canada. Its registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1. The Company is a reporting issuer in the province of British Columbia, Alberta and Ontario. In September 2013, the Company was approved for listing on the Canadian Securities Exchange (“CSE”). The Company’s common shares commenced trading on the CNSX at the opening of markets on September 12, 2013 under the symbol “CK”.

The Company’s intended business operations are to design, manufacture and distribute desktop digital display devices that can be connected with a multitude of global users in homes, institutions and office conference environments. As at October 31, 2015, the Company is in the process of developing its intended business and has not commenced operations.

On February 6, 2015, the Company dissolved its wholly owned subsidiary 0945081 BC Ltd. All of the subsidiary’s assets and liabilities were transferred to the Company.

On October 9, 2015, the Company incorporated a Wholly Foreign Owned Enterprise (often referred to as a “WFOE”) in China under the name “Tianjin Bocui Technology Limited” (“Bocui”). Among other benefits, WFOEs can give greater control over business ventures in mainland China and avoid a multitude of problematic issues which can potentially result from dealing with a domestic joint venture partner. The Company intends on using Bocui to explore business opportunities, specifically in the consumer-to-consumer, business-to-consumer and business-to-business web portal sales services industry.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and has an accumulated deficit of \$630,108 as at October 31, 2015. The Company’s ability to continue as a going concern and to realize assets and discharge its liabilities in the normal course of business is dependent upon the successful development of its business, obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and acquiring businesses or assets, and generating profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These unaudited condensed interim consolidated financial statements (“interim financial statements”) are in compliance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. These interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended January 31, 2015.

**Basis of consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company, its wholly-owned subsidiary, 0945081 B.C. Ltd until February 6, 2015, the dissolved date of the subsidiary, and its wholly-owned subsidiary Bocui from October 9, 2015, the incorporation date of the subsidiary. All inter-company transactions, balances, income and expenses have been eliminated in full on consolidation.

Certain figures presented in the condensed interim consolidated statements of comprehensive loss for comparative purposes have been reclassified to conform to current year’s presentation. The comparative amounts have been reclassified to better reflect the nature of the expenses.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of measurement**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

**Use of estimates and judgements**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and revenues and expenses for the periods reported. 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. Significant areas requiring the use of management estimates include the determination of deferred income tax assets and liabilities, and assumptions used in valuing options in share-based compensation calculations and assumptions used in determining the value of the convertible debentures. Actual results could differ from these estimates.

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 judgements are accounting policies that have been identified as being complex or involve subjective judgments or assessments with a significant risk of material adjustment in the next year. A significant use of judgement is the ability of the Company to continue as a going concern.

**Cash and cash equivalents**

Cash and cash equivalents in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

**Financial instruments**

i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents is classified as a financial asset at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company has no financial instruments classified under loans and receivables and held to maturity assets at October 31, 2015.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payables are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no financial instruments classified as financial instruments at FVTPL at October 31, 2015.

**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. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position 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.

**Share capital**

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

**Share issue costs**

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to earnings.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Share-based compensation**

Share-based compensation to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to contributed surplus. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related amount of contributed surplus is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

**Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustment to tax payable or receivable in respect of previous years.

Deferred taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit nor loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Changes in accounting policy**

Effective February 1, 2015, the Company adopted the following new accounting standards and interpretations. The Company determined that the adoption of these standards and interpretations did not result in any material changes in the consolidated financial statements.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2015 AND 2014**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policy (continued)**

**IFRS 7 *Financial Instruments: Disclosures*** - In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

**IFRS 10 *Consolidated Financial Statements*** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

**IFRS 13 *Fair Value Measurement*** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

**IAS 32 *Financial Instruments: Presentation*** – In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

**IAS 1 *Presentation of Financial Statements*** – IAS 1 has been amended to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives.

**New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2016:

**IAS 1 *Presentation of Financial Statements*** – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

**IFRS 9 *Financial Instruments*** - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in October 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
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**3. SHARE CAPITAL**

**Authorized:**

The Company has authorized an unlimited number of common and preferred shares with no par value.

**Issued and outstanding:**

- i) On March 17, 2015, the Company completed its non-brokered private placement and issued 2,000,000 units (“Unit”) for proceeds of \$240,000 at \$0.12 per Unit. Each Unit comprises of one common share and one non-transferable common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.16 per common share for five years from March 17, 2015.
- ii) On January 16, 2015, 398,437 common shares were issued on the conversion of the unsecured convertible debentures.
- iii) On November 28, 2014, the Company and its former wholly owned subsidiary P2P Info Inc. (“P2P”), completed a POA. Pursuant to the POA, the Company exchanged each issued and outstanding common share prior to the POA of 14,717,500 common shares for one new common share and one Class 1 Reorganization Share. All of the 14,717,500 Class 1 Reorganization Shares thus issued were automatically transferred by the Company’s shareholders to P2P in exchange for 2,943,500 common shares of P2P to be issued to the Company’s shareholders. Immediately following this, the Company redeemed all of the Class 1 Reorganization Shares by the transfer of \$58,870 in cash to P2P.
- iv) On July 26, 2014 and on August 5, 2014, a total of 240,000 stock options were exercised at \$0.10 per share.

**Escrow Shares**

As at October 31, 2015, the Company has 2,700,750 shares (October 31, 2014 – 5,401,500) held in escrow. The remaining escrow securities will be released as follows:

March 12, 2016	1/2 of the remaining escrow shares
September 12, 2016	All of the remaining escrow shares

**Stock option**

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with the requirements of the CSE (the “Exchange”), grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options will be exercisable for a period of up to five years from the date of grant.

There were 300,000 options granted on August 6, 2012 to directors and officers of the Company at an exercise price of \$0.10 per share expiring August 5, 2014. On July 26, 2014, 220,000 of these options were exercised; and on August 5, 2014, another 20,000 of these options were exercised. The remaining 60,000 expired on August 5, 2014.

On December 8, 2014, the Company granted 100,000 stock options to a director. The options are exercisable at a price of \$0.16 per share for a period of five years and vested immediately.

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**3. SHARE CAPITAL (continued)**

**Stock option (continued)**

	Number of options	Weighted average exercise price
Balance, January 31, 2013	300,000	\$0.10
Granted, October 7, 2013	300,000	\$0.16
Balance, January 31, 2014	600,000	\$0.13
Exercised, July 26, 2014	(220,000)	\$0.10
Exercised, August 5, 2014	(20,000)	\$0.10
Expired, August 5, 2014	(60,000)	\$0.10
Balance, October 31, 2014	300,000	\$0.16
Granted, December 8, 2014	100,000	\$0.16
<b>Balance, October 31, 2015 and January 31, 2015</b>	<b>400,000</b>	<b>\$0.16</b>

The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model estimates fair value of stock options that have no vesting restrictions and are fully transferrable. For the purposes of the calculations, the following weighted average assumptions were used under the Black-Scholes model:

	2015	2014
Share price at grant date	<b>\$0.16</b>	\$0.04
Risk free interest rate	<b>1.38%</b>	1.90%
Expected dividend yield	<b>0%</b>	0%
Expected stock price volatility	<b>87%</b>	87%
Expected life of options	<b>5 years</b>	5 years

The fair value of the options on the grant date was \$0.11.

The following table summarizes information about stock options outstanding and exercisable at October 31, 2015.

Exercise Price	Number of	Options Outstanding		Options Exercisable	
		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$	Shares	(years)	\$		\$
0.16	300,000	2.93	0.16	300,000	0.16
0.16	100,000	4.10	0.16	100,000	0.16
	400,000	3.23	0.16	400,000	0.16

Stock options outstanding at October 31, 2015 will expire between October 7, 2018 and December 7, 2019.

**Warrants**

There are 2,000,000 non-transferrable common share purchase warrants outstanding for the Company. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.16 per share, and will be expired at 5:00pm on March 17, 2020.

**CASCADIA CONSUMER ELECTRONICS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2015 AND 2014**

*Expressed in Canadian dollars*  
*(Unaudited – Prepared by Management)*

**4. RELATED PARTY TRANSACTIONS**

- a) For the nine months ended October 31, 2015, the Company incurred \$nil (2014 - \$3,250) in rent expenses paid to a company owned by the CFO.
- b) Included in accounts receivables is \$3,215 (2014 - \$nil) owed by P2P Info. Inc. (“P2P”), which have some common directors with the Company. The Company and P2P share office rent equally.
- c) The Company incurred the following compensation to key management personnel of the Company:

		Nine Months Ended October 31, 2015	Nine Months Ended October 31, 2014
		\$	\$
Salaries and benefits	Directors	23,259	40,124

Key management includes directors, the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company.

**5. SUPPLEMENTAL CASH FLOW INFORMATION**

	Nine Months Ended October 31, 2015	Nine Months Ended October 31, 2014
Cash paid for income taxes during the period	\$ -	\$ -
Cash paid for interest during the period	\$ -	\$ -

**6. FINANCIAL INSTRUMENTS**

The Company classifies its cash as a financial asset at FVTPL, and its accounts payable as other financial liabilities. The carrying amount of financial liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

**Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents of \$150,846 is classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the year.

**Financial risk management**

The Company’s financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company’s exposure to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

*Currency risk*

The Company’s expenses are denominated in Canadian dollars. The Company’s corporate office is based in Canada and its current exposure to exchange rate fluctuations is minimal. The Company does not have any foreign currency denominated monetary liabilities.

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**6. FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company's credit risk with respect to its cash is minimal as it is held with a quality financial institution.

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 8. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at October 31, 2015, the Company had a working capital surplus of \$156,893. All of the Company's financial liabilities are classified as current.

*Interest rate risk*

The Company has cash and cash equivalents balance and no interest-bearing debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company does not have significant interest rate risk.

**7. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In management of capital, the Company's capital includes shareholders' equity.

The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management. Currently, the Company is relying on advances from the directors and officers to continue its operations. The Company is not subject to any externally imposed capital requirements.

**8. SEGMENTED INFORMATION**

The Company operates in one industry segment, namely to design, manufacture and distribute desktop digital display devices and in one geographic region, Canada.

**9. SUBSEQUENT EVENT**

On November 27, 2015, the Company completed its non-brokered private placement and issued 10,951,400 units ("Unit") at a price of \$0.075 per unit for proceeds of \$821,355.00. Each Unit consists of one common share of the Company and one non-transferrable common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price at \$0.10 per share for a period of five years.