GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GBLT German Battery & Lighting Technologies PLC

We have audited the accompanying consolidated financial statements of GBLT German Battery & Lighting Technologies PLC, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of comprehensive loss, cash flows, and equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GBLT German Battery & Lighting Technologies PLC as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about GBLT German Battery & Lighting Technologies PLC's ability to continue as a going concern.

Other Matter

The consolidated financial statements of GBLT German Battery & Lighting Technologies PLC for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on December 1, 2017.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017, 2016 and 2015
(Expressed in Euros)

		As at December 31, 2017		2016
Assets				
Current assets:				
Cash (Note 21)	€	580,285	€	120,105
Forward contracts (Notes 6 and 21)		-		64,063
Prepaid expenses		371,740		5,073
Accounts receivable (Notes 7 and 21)		3,762,188		5,229,925
Employee loans receivable (Notes 8 and 21)		60,800		60,800
Inventories (Note 3)		1,905,415		2,087,898
Total current assets		6,680,428		7,567,864
Equipment (Note 10)		75,585		38,629
Related party loans receivable (Notes 9, 15 and 21)		239,500		358,575
Investment in GBT Africa (Note 21)		110,413		110,413
Total Assets	**€**	**7,105,926**	**€**	**8,075,481**
Liabilities				
Current liabilities:				
Bank indebtedness (Notes 12 and 21)	€	984,604	€	953,566
Accounts payable and accrued liabilities (Notes 13 and 21)		4,291,347		6,106,469
Sales taxes payable		167,447		9,909
Deposits received		57,723		291,807
Loans payable – current (Notes 14 and 21)		32,388		118,802
Forward contracts (Notes 6 and 21)		16,164		-
Due to related parties (Notes 15 and 21)		208,054		77,376
Total current liabilities		5,757,728		7,557,929
Loans payable (Notes 14 and 21)		202,762		86,323
Debentures (Notes 20 and 21)		279,997		-
Derivative liability - warrants (Notes 20 and 21)		75,442		-
Due to related parties (Notes 15 and 21)		133,955		271,749
Total Liabilities		**6,449,884**	**€**	**7,916,001**
Shareholders' Equity				
Share capital (Note 16)		3,478,504		753,052
Share-based payment reserve (Note 17)		5,131,135		3,375,945
Accumulated deficit		(7,953,597)		(3,969,517)
Total Shareholders' Equity		**656,042**		**159,480**
Total Liabilities and Shareholders' Equity	**€**	**7,105,926**	**€**	**8,075,481**

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

Going concern (Note 1)
Subsequent event (Note 27)

Approved by the Directors:

(s) Sven Carbow	*(s) Joachim Thilo Senst*
Sven Carbow, Director	Joachim Thilo Senst, Director

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
(Expressed in Euros)

	For the Years Ended December 31,			
		2017		**2016**
Revenue (Notes 15 and 23)	**€**	**19,943,505**	**€**	**23,325,911**
Cost of Sales		**19,153,481**		**22,611,994**
Gross Margin		**790,024**		**713,917**
Expenses				
Stock-based compensation (Notes 15 and 17)		2,417,043		3,375,945
Marketing and travel		226,044		476,653
Wages (Note 15)		475,606		402,590
Professional fees		530,301		400,887
Interest and bank charges		249,660		208,965
General and administrative		364,264		113,058
Bad debt expense and factoring fees		162,379		85,508
Financing fees (Note 20)		48,469		-
Rent expense		48,494		50,215
Consulting fees		151,202		32,902
Depreciation (Note 10)		14,238		8,506
Currency exchange loss (gain)		242,111		(41,681)
Gain on accounts payable settlement		(150,887)		-
Total expenses		4,778,923		4,569,401
Loss before the following		(3,988,899)		(4,155,484)
Change in fair value of derivative (Note 20)		4,819		-
Net and Comprehensive Loss	**€**	**(3,984,080)**	**€**	**(4,155,484)**
Basic and Diluted Loss Per Share	**€**	**(0.08)**	**€**	**(0.08)**
Weighted Average Number of Shares Outstanding		**51,764,679**		**49,326,436**

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

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(Expressed in Euros)

	For the Years Ended December 31,	
	2017	**2016**
Cash Flows from (used in) Operating Activities		
Net loss for the year	€ (3,984,080)	€ (4,155,484)
Items not affecting cash from operations:		
Amortization of fixed assets	14,166	8,506
Stock-based compensation	2,417,042	3,375,945
Debenture interest, accretion and foreign exchange	56,888	-
Change in fair value of derivative liability	(4,819)	-
Changes in non-cash working capital items:		
Prepaid expenses	(366,667)	(2,123)
Forward contracts	80,227	8,914
Accounts receivable	1,467,737	(4,531,201)
Inventories	182,483	(728,570)
Sales tax payable	157,538	(150,679)
Accounts payable and accrued liabilities	(1,815,122)	4,854,178
Deposits	(234,084)	74,566
Net cash used in Operating Activities	**(2,028,689)**	**(1,245,948)**
Cash Flows from (used in) Investing Activities		
Acquisition of equipment	(51,122)	(10,481)
Employee loans receivable	-	(10,800)
Related party loans receivable	119,075	(140,786)
Investment in GBLT Africa	-	(110,413)
Net cash from (used in) investing activities	**67,953**	**(272,480)**
Cash Flows from Financing Activities		
Bank indebtedness	31,038	847,272
Loans payable	30,025	(15,330)
Due to related parties	(7,117)	22,209
Issuance of debentures and warrants	303,370	-
Proceeds from the issuance of shares, net	2,043,600	603,052
Proceeds from the exercise of options	20,000	-
Net cash from financing activities	**2,420,916**	**1,457,203**
Change in cash for the year	460,180	(61,225)
Cash, beginning of year	120,105	181,330
Cash, end of year	**€ 580,285**	**€ 120,105**

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

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
(Expressed in Euros)

	Capital Stock		Share-based Payment	Retained Earnings	Total Equity
	Shares	**Amount**	**Reserve**	**(Deficit)**	
Balance – December 31, 2015	**49,129,798**	**€ 150,000**	**€ -**	**€ 185,967**	**€ 335,967**
Private placements (Note 16)	464,464	901,002	-	-	901,002
Share issuance costs (Note 16)	-	(297,950)	-	-	(297,950)
Stock-based compensation (Note 17)	-	-	3,375,945	-	3,375,945
Net loss for the year	-	-	-	(4,155,484)	(4,155,484)
Balance – December 31, 2016	**49,594,262**	**753,052**	**3,375,945**	**(3,969,517)**	**159,480**
Private placement (Note 16)	3,520,402	2,946,242	-	-	2,946,242
Share issuance costs (Note 16)	-	(902,642)	-	-	(902,642)
Stock options exercised (Note 17)	400,000	681,852	(661,852)	-	20,000
Stock-based compensation (Note 17)	-	-	2,417,042	-	2,417,042
Net loss for the year	-	-	-	(3,984,080)	(3,984,080)
Balance – December 31, 2017	**53,514,664**	**€3,478,504**	**€ 5,131,135**	**€(7,953,597)**	**€ 656,042**

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

1. Description of Business and Going Concern

GBLT German Battery & Lighting Technologies PLC (the "Company" or "GBLT") was incorporated under the Companies Act 2006 (England and Wales) on August 30, 2014. The registered office is located at 10 Queen Street Place, London, England, EC4R 1AG.

The Company's majority shareholder is GBT Asia Ltd. ("GBT Asia") through its subsidiary SWT Beteiligungs AG ("SWT").

GBLT, through its subsidiary GBT, is the official licensee for POLAROID light products, POLAROID portable and residential energy storage system, LED Screens, and AGFAPHOTO mobile energy products (batteries, etc.).

During the year ended December 31, 2017, the Company incurred losses from operations of €3,984,080 (2016 – €4,155,484) (including €2,417,042 of stock-based compensation) and had working capital of €922,700 (2016 – €9,935) as at December 31, 2017. The Company's ability to continue as a going concern is dependent upon raising additional funds. Although the Company has been successful in raising funds in the past, there is no guarantee it will be able to do so in the future. These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements and the balance sheet classification have not been adjusted as would be required, if the going concern assumption was not appropriate. Refer also to Note 26.

2. Basis of Preparation and Statement of Compliance

These consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective as of December 31, 2017. The policies set out below were consistently applied to all the periods presented unless otherwise noted.

These consolidated financial statements were approved by the Board of Directors on April 30, 2018.

3. Summary of Significant Accounting Policies

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

a) Basis of Consolidation

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give the Company the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to align their accounting policies with those used by the Company.

The following subsidiaries have been consolidated for all dates presented within these financial statements:

3. Summary of Significant Accounting Policies

a) Basis of Consolidation (continued)

	Country of incorporation	**Percentage owned**
German Battery Trading GMBH ("GBT")	Germany	100%
SSD Stahlservice Deutschland UG – wholly-owned by GBT	Germany	100%

The Company also owns a 25% interest in GBLT Africa (Pty) Ltd. ("GBT Africa") (Note 21).

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value (Note 21). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and short-term money market instruments with an original maturity of three months or less that are readily convertible into a known amount of cash. The Company does not have any cash equivalents as of December 31, 2017 and 2016.

d) Inventories

Inventories consists of finished goods. Inventories are stated at lower of historical cost and net realizable value. Cost for all inventory is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

e) Leases

Leases are classified as finance leases if the Company bears substantially all risks and rewards of ownership of the leased asset. At the inception of the lease, the asset is recognized at the lower of fair value and the present value of the minimum lease payments, and a corresponding amount is recognized as a finance lease obligation. The cost of the asset acquired under finance leases are depreciated on a basis consistent with that for depreciable assets that are owned. The cost of the asset is depreciated on a declining rate basis over the estimated useful lives or the lease term, whichever is shorter, when it is not reasonably certain that the Company will obtain ownership by the end of the lease term. Obligations recorded under finance leases are reduced by lease payments, net of finance charges. Finance charges are charged to net earnings (loss) over the lease term. All other leases are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

f) 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 expense relating to any provision is presented in profit or loss net of any reimbursement. Provisions are discounted using a current risk-free pre-tax rate that reflects where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. Summary of Significant Accounting Policies (continued)

g) Revenue Recognition

Sales revenues are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. The Company recognizes revenue upon shipment of goods or receipt of goods by the customer, depending on the terms of sale.

h) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

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

Deferred income taxes are 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 end of each reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that is it probably that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that the related tax benefit will be realized.

i) Foreign Currencies

The Company's presentation currency and the functional currency of all its subsidiaries is the European Euro as this is the principal currency of the economic environment in which they operate.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

j) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period.

3. Summary of Significant Accounting Policies (continued)

j) Earnings (Loss) Per Share (continued)

Diluted earnings per share is calculated using the treasury share method whereby all “in the money” options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

k) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables or as available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

l) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The measurement of financial liabilities depends on their classification, as follows:

3. Summary of Significant Accounting Policies (continued)

l) Financial Liabilities (continued)

Financial liabilities at FVTPL

Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs.

m) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

n) Derecognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. Summary of Significant Accounting Policies (continued)

o) Impairment of Non-Current Non-Financial Assets

The carrying amounts of non-current non-financial assets are reviewed and evaluated for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. Non-current non-financial assets include property and equipment. If the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to recoverable value.

The recoverable amount is the higher of an asset's "fair value less costs to sell" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined, with a cash-generating unit being the smallest identifiable group of assets and liabilities that generate cash inflows independent from other assets. "Fair value less costs to sell" is determined as the amount that would be obtained from the sale of the asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties. In assessing "value-in-use", the future cash flows expected to arise from the continuing use of the asset or cash-generating unit in its present form are estimated using assumptions that an independent market participant would consider appropriate, and are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or unit.

Where conditions that gave rise to a recognized impairment loss are subsequently reversed, the amount of such reversal is recognized into earnings immediately, but is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in the prior period.

p) Presentation of Financial Statements

Certain amounts on the statement of comprehensive loss have been restated to conform to the current years presentation.

4. Significant Accounting Judgments and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recoverability and measurement of deferred tax assets and liabilities, inventory valuation and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

a) Allowances for Doubtful Accounts

The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

4. Significant Accounting Judgments and Estimates (continued)

b) Determination of Functional Currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

5. Accounting Standards and Amendments Issued but Not Yet Effective

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures.

<u>IFRS 9 Financial instruments</u>
IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" are now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company has determined that the adoption of this new standard will have no impact on its consolidated financial statements.

<u>IFRS 15 Revenue from Contracts with Customers</u>
In May 2014, the IASB issued IFRS 15, which covers principles for reporting on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that when an entity transfers goods or services to customers, it should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from the sale of non-financial assets.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company has determined that the adoption of this new standard will have no impact on its consolidated financial statements.

<u>IFRS 16 Leases</u>
IFRS 16 eliminates the classification of operating leases and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company is currently determining the impact of this new standard on its consolidated financial statements.

(Expressed in Euros)

6. Forward Contracts

		December 31, 2017		December 31, 2016
Forward contracts	€	(16,164)	€	64,063

As at December 31, 2017, the Company had 18 open forward exchange contracts with Deutsche Bank AG to purchase an aggregate of US $1,800,000.00 for €1,517,039 over the next 9 months.

As at December 31, 2016, the Company had 6 open forward exchange contracts with Deutsche Bank AG to purchase an aggregate of US $900,000.00 for €789,767 over the next 6 months.

7. Accounts Receivable

Accounts receivable consist of the following:

		December 31, 2017		December 31, 2016
Trade receivables (i) (ii)	€	3,682,624	€	5,202,771
Receivable on shipping costs and duties		28,604		21,670
Other receivables		5,869		5,484
Lease receivable		45,091		-
	€	3,762,188	**€**	**5,229,925**

(i) As at December 31, 2017, €1,156,333 was due from GBT Asia (Note 15) (2016 – €2,488,090).

(ii) As at December 31, 2017, €2,412,086 of trade receivables were past due (Note 15) (2016 – €1,008,437).

8. Employee Loans Receivable

Issue Date		**December 31, 2017**		**December 31, 2016**
November 2, 2015 (i)	€	10,000	€	10,000
December 4, 2015 (ii)		40,000		40,000
March 31, 2016 (iii)		5,000		5,000
August 23, 2016 (iv)		5,800		5,800
Total	**€**	**60,800**	**€**	**60,800**

(i) Employee loan due on April 12, 2018 bearing annual interest of 1.5%.
(ii) Employee loan due on December 4, 2018 bearing annual interest of 4.25%.
(iii) Employee loan due on December 4, 2018 bearing annual interest of 4.25%.
(iv) Employee loan due on August 23, 2018 bearing annual interest of 2%.

(Expressed in Euros)

9. Related Party Loans Receivable

		December 31, 2017		December 31, 2016
Due from GBT Asia (i)	€	193,500	€	312,575
Due from Director (ii)		46,000		46,000
	€	**239,500**	**€**	**358,575**

(i) The loan is unsecured, none-interest bearing and due on demand with no set terms of repayment.

(ii) Loan granted on September 19, 2016 to a director of the Company, bearing an annual interest of 4%, payable on September 30, 2017 and unsecured. This loan has been extended to December 31, 2019.

10. Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The assets' residual value, depreciation methods and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is provided for over the estimated lives of the related assets on a straight line ("SL") basis.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount and are recognized within other gains or losses in earnings.

The changes in the Company's property and equipment for the years ended December 31, 2017 and 2016 is as follows:

		Equipment		Furniture		Vehicle		Intangible		Total
Estimated Useful life		4-13 years		3-5 years		20 years		Indefinite		
Cost:										
At December 31, 2015	€	48,352	€	5,420	€	20,000	€	-	€	73,772
Additions		8,222		2,259		-		-		10,481
At December 31, 2016		56,574		7,679		20,000		-		84,253
Additions		1,644		520		48,109		849		51,122
At December 31, 2017	€	58,218	€	8,199	€	68,109	€	849	€	135,375
Accumulated Depreciation:										
At December 31, 2015	€	28,940	€	5,178	€	3,000	€	-	€	37,118
Depreciation		5,990		1,516		1,000		-		8,506
At December 31, 2016		34,930		6,694		4,000		-		45,624
Depreciation		6,491		602		7,015		58		14,166
At December 31, 2017	€	41,421	€	7,296	€	11,015	€	58	€	59,790
Net book value:										
At December 31, 2016	**€**	**21,644**	**€**	**985**	**€**	**16,000**	**€**	**-**	**€**	**38,629**
At December 31, 2017	**€**	**16,797**	**€**	**903**	**€**	**57,094**	**€**	**791**	**€**	**75,585**

At December 31, 2017, the net book value of leased assets amounted to €57,094.

(Expressed in Euros)

12. Bank Indebtedness

As at December 31, 2017, bank indebtedness comprised amounts owed to Euram Bank of €984,604 (2016 – €953,566). Interest for the Euram Bank line of credit is payable every three months based on the current 3-month Euribor plus 400 basis points. The Company's maximum facility under the Euram Bank was increased from €200,000 to €950,000 in September 2016. The Company had gone over its maximum facility at December 31, 2017, and the overdrawn amount was repaid subsequent to year end.

13. Accounts Payables and Accrued Liabilities

		December 31, 2017		December 31, 2016
Trade payables	€	3,620,143	€	6,074,477
Accrued liabilities		661,691		23,823
Wages payable		9,513		8,169
	€	**4,291,347**	**€**	**6,106,469**

14. Loans Payable

		December 31, 2017		December 31, 2016
Loan payable to Dr. Flossdorf (i)	€	100,000	€	100,800
Loan payable to Dr. Flossdorf (ii)		50,000		50,400
Loan payable to ETL Leasing GmbH & Co. KG (iii)		36,323		53,925
Loan payable to BMW Financial Services (iv)		48,827		-
		235,150		205,125
Current portion		32,388		118,802
	€	**202,762**	**€**	**86,323**

(i) €100,000 loan due on November 12, 2022 and bearing annual interest of 4.8%.

(ii) €50,000 loan due on June 10, 2020 and bearing annual interest of 4.8%.

(iii) On April 30, 2015, the Company entered into an agreement with ETL Leasing GmbH & Co. KG comprising the lease of computer equipment in the amount of €93,681. As per the agreement, the initial payment was €15,751 payable on June 1, 2015, subsequent payments of €1,699 are payable on the first day of every month until April 1, 2019, and a final payment of €11,067 is payable on May 1, 2019. A monthly interest of 0.52% is applied to the outstanding amount. The present value of minimum future lease payments is €33,234.

(iv) On April 11, 2017, the Company entered into an agreement with BMW Financial Services comprising the lease of vehicle in the amount of €1,000 per month with a final payment of €26,142 at the end of the agreement, March 30, 2020. The present value of minimum future lease payments is €53,953.

15. Related Party Transactions and Key Management Compensation

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(Expressed in Euros)

15. Related Party Transactions and Key Management Compensation (continued)

Due to Related parties:

		December 31, 2017		December 31, 2016
Dr. Peter Wolfram Senst (i)	€	142,500	€	176,960
Dr. Joachim Thilo Senst (ii)		-		8,684
SWT (iii)		50,000		50,000
SWT (iv)		75,000		79,249
GBT Asia (v)		44,462		-
Accrued interest		30,047		34,232
		342,009		349,125
Less: current portion		208,054		77,376
	€	**133,955**	**€**	**271,749**

(i) Loan agreement with Dr. Peter Wolfram Senst, a former director of the Company, dated September 30, 2011 for €330,000 bearing annual interest of 3.25% and repayable in 132 monthly payments of €2,500 plus interest commencing October 2011.

(ii) Loan agreement with Dr. Joachim Thilo Senst, a director of the Company, dated July 6, 2015, for €25,200 bearing annual interest of 2% and repayable in 25 monthly payments of €1,000 including interest commencing August 2015 plus a final payment of €755. The loan was repaid in full during the year ended December 31, 2017.

(iii) Loan agreement with SWT dated April 6, 2016 for €50,000 bearing an annual interest of 2%. Principal and interest are repayable at the end of the two years term of the loan.

(iv) Loan agreement with SWT dated May 3, 2016 for €75,000 bearing an annual interest of 2%. Principal and interest are repayable at the end of the two years term of the loan.

(v) Balance payable to GBT is not interest bearing and has no set terms of repayment.

During the years ended December 31, 2017 and 2016, the Company entered into the following transactions with related parties and key management:

		December 31, 2017		December 31, 2016
Directors fees included in wages	€	162,946	€	98,652
Interest	€	7,809	€	8,545
Sales to GBT*	€	5,861,892	€	9,473,289
Stock-based compensation	€	1,978,476	€	2,159,881

*GBT Asia is used as a vehicle to place sales with end customers that are required by law to source products from Asia. As at December 31, 2017 the Company had trade receivables from GBT Asia of €1,156,333 (2016 – €2,488,090) (Note 7).

During the year ended December 31, 2017, the Company had revenue from GBT Africa in the amount of $110,413 (2016 – €821,221). Included in accounts receivable as at December 31, 2017 was €706,376 (2016 – €713,812) (Note 21).

16. Share Capital Issued

In January 2017, the Company completed a series of private placements issuing a total of 20,000 shares at a price of €1.70 per share for total proceeds of €34,000.

Between January, February and March 2017, the Company completed a series of private placements issuing a total of 1,291,216 shares at a price of €0.85 per share for total proceeds of €1,093,634.

On April 27, 2017, the Company issued 205,000 shares at a price of €0.80 per share for total proceeds of €164,000.

Between April and May 2017, the Company completed a series of private placements issuing a total of 308,780 shares at a price of €0.85 per share for total proceeds of €262,463 and 400,000 options were exercised at a price of €0.05 for a total subscription price of €20,000.

In July 2017, the Company issued 607,446 shares at a price of €0.85 per share for total proceeds of €516,329. The Company also issued 373,000 shares at a price of €0.80 per share for total proceeds of €298,400.

Between October and November 2017, the Company completed a series of private placements issuing a total of 100,000 shares at a price of €0.70 per share for total proceeds of €70,000.

Between October, November and December 2017, the Company completed a series of private placements issuing a total of 614,960 shares at a price of €0.85 per share for total proceeds of €522,716, of which €15,300 of the total proceeds received was returned subsequent to year end and was included in the accounts payable and accrued liabilities during the year ended December 31, 2017.

Total share issuance costs during the year ended December 31, 2017 were €902,642.

Between May through September 2016, the Company completed a series of private placements issuing 325,500 common shares at a price of €2.00 per share for total proceeds of €651,000.

In June 2016, the Company completed a private placement issuing 25,000 common shares at a price of €1.84 per share for total proceeds of €46,000.

In September 2016, the Company completed a private placement issuing 26,316 common shares at a price of €1.90 per share for total proceeds of €50,000.

In October and November 2016, the Company completed a series of private placements issuing 87,648 shares at a price of €1.70 per share for total proceeds of €149,002.

Total share issuance costs during the year ended December 31, 2016 were €297,950.

(Expressed in Euros)

17. Stock Options

The Company may award share options from time to time, exercisable into common shares on terms determined by the directors at the time of each award.

The changes in options during the year ended December 31, 2017 are as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2015	-	€	-
Options granted	2,500,000		0.0452
Options granted	1,000,000		0.0459
Balance, December 31, 2016	**3,500,000**	**€**	**0.0500**
Options exercised	(400,000)		0.0500
Balance, December 31, 2017	**3,100,000**	**€**	**0.0500**

On October 11, 2016, the Company issued an option to a director of the Company, to purchase 1,500,000 shares at a purchase price of USD $0.05 per share payable in Euro currency.

On October 11, 2016, the Company issued an option to a director of the Company, to purchase 1,000,000 shares at a purchase price of USD $0.05 per share payable in Euro currency.

On October 24, 2016, the Company issued an option to a consultant of the Company, to purchase 1,000,000 shares at a purchase price of USD $0.05 per share payable in Euro currency.

The options were valued at €5,792,987 using the Black-Scholes valuation model with the following assumptions: share price of €1.70, exercise price of US $0.05, expected volatility of 25%, expected dividend yield of 0%, risk free return of 0.61% and an expected remaining life of two years. The value of the options was included in stock-based compensation.

In April 2017, 400,000 options were exercised at a price of €0.05 for a total subscription price of €20,000.

During the year ended December 31, 2017, the Company recognized stock based compensation expense of €2,417,042 (2016 – €3,375,945).

The following table summarizes the options outstanding at December 31, 2017:

Number of options		Exercise price	Expiry date
2,500,000	€	0.0452	October 11, 2018
600,000		0.0459	October 24, 2018
3,100,000	**€**	**0.0500**	

The remaining contractual life of the outstanding options at December 31, 2017 is 0.78 years.

Share-based payment reserve:

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Euros)

18. Warrants

In connection to the May 2017 debenture financing (Notes 20 and 21), the Company issued 435,000 warrants to the subscriber. Each warrant has an exercise price of CDN $1.15 (€0.764) and is exercisable for two years after the Company's shares become publically traded (transpired subsequently).

The following table summarizes the warrants outstanding at December 31, 2017:

Number of warrants		Exercise price	Expiry date
435,000	€	0.758	March 27, 2020

19. Basic and Diluted Loss per Share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares outstanding during the year. In calculating the diluted loss per share, dilutive potential ordinary shares such as warrants and share options have not been included as they would have the effect of decreasing the loss per share.

20. Debentures

In May 2017, the Company issued €329,750 ($500,000) through the issuance of a non-convertible, subordinated debenture bearing interest at 10% per annum and 435,000 warrants. A total of €26,380 (CDN $40,000) were withheld from the proceeds as a finder's fee. The debenture was valued at €230,074, net of its share of issue costs, resulting in an effective interest rate of 18%. The debentures are due on May 19, 2019, or an earlier date as the Principal Amount may become due and payable with such terms, conditions and provisions laid out as per agreement.

Each warrant has an exercise price of €0.764 ($1.15) and is exercisable within two years after issuance. Because the exercise price is denominated in a foreign currency, the warrants are classified as a derivative liability and are remeasured at the end of every reporting period.

On initial recognition, the warrants were valued at €79,670 using the Black-Scholes valuation model with the following assumptions: share price of $1.289, exercise price of $1.15, expected volatility of 25%, expected dividend yield of 0%, risk free return of 0.61%, and an expected remaining life of 2.5 years. The warrants were revalued to €75,442 at December 31, 2017 using the Black-Scholes valuation model with the following assumptions: share price of CDN $1.279, exercise price of $1.15, expected volatility of 25%, expected dividend yield of 0%, risk free return of 0.61%, and an expected remaining life of 2.25 years.

As of December 31, 2017, the Company recognized financing and accretion costs of €48,469.

	Debenture (C$)	Warrants (C$)
Balance, December 31, 2016	$ -	$ -
Issuance of debentures	500,000	
Value of warrants	(120,803)	120,803
Financing cost	(30,336)	-
Interest and accretion for year	72,084	-
Change in fair value	-	(7,253)
Balance, December 31, 2017	**$ 420,945**	**$ 113,550**

(Expressed in Euros)

21. Financial Instruments

Financial Assets and Liabilities

		December 31, 2017	December 31, 2016
Financial Assets			
Fair value through profit and loss (fair value)			
Cash	€	580,285 €	120,105
Forward contracts		-	64,063
Available for sale (fair value)			
Investment in GBT Africa		110,413	110,413
Loans and receivable (amortized cost)			
Accounts receivables		3,762,188	5,229,925
Employee loans receivable		60,800	60,800
Related party loan receivable		239,500	358,575
Total Financial Assets	**€**	**4,753,186 €**	**5,943,881**
Financial Liabilities			
Fair value through profit and loss (fair value)			
Forward contracts	€	16,164 €	-
Derivative liability - warrants		75,442	-
Other liabilities (amortized cost)			
Bank indebtedness		984,604	953,566
Accounts payable		3,629,656	6,082,646
Loans payable		235,150	205,125
Debentures		279,997	-
Due to related parties		342,009	349,125
Total Financial Liabilities	**€**	**5,563,022 €**	**7,590,462**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.

- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

(Expressed in Euros)

21. Financial Instruments (continued)

Financial Assets and Liabilities (continued)

The Company acquired 25% of the common shares of GBT Africa for €110,413; the remaining 75% interest is held equally by two other investors to whom the Company has yielded all voting rights (Note 15). Accordingly, the Company does not hold significant influence over this entity and accounts for it as an available for sale financial instrument. Because GBT Africa is privately owned, the Company will adjust the fair value when events or circumstances indicate that this value has changed.

Financial instruments at fair value		**December 31, 2017**		**December 31, 2016**
Level 1				
Cash	€	580,285	€	120,105
Level 2				
Forward contracts	€	(16,164)	€	64,063
Derivatives – warrant liability	€	(75,442)	€	-
Level 3				
Investment in GBT Africa	€	110,413	€	110,413

There were no reclassifications between levels 1, 2, and 3 during the years ended December 31, 2017 and 2016.

Financial Instrument Risk Exposure

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support the Company's ability to continue as a going concern. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in cooperation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives as further described in Note 22.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts, accounts receivable and loans receivable. This risk related to cash is managed through the use of a major financial institution which has high credit quality as determined by the rating agencies. Accounts receivable mainly consists of receivables from its customers.

In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the Company requires bank letters of credit or subscribes to credit insurance.

As at December 31, 2017, 3% of the Company's trade receivable balance is over 90 days past due (2016 – 19%). The carrying amount of accounts receivable and loans receivable as at December 31, 2017 is €4,062,488 (2016 – €5,649,300).

As at December 31, 2017, three of the Company's customers individually constituted more than 10% of the total trade receivable balance (2016 – three customers).

Credit risk associated with accounts receivable is considered medium.

(Expressed in Euros)

21. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows, as well as future equity and debt financing.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 22. The Company's financial liabilities are comprised of its trade payables, loans payable and amounts due to related parties.

Liquidity risk is assessed as high.

The following table presents the Company's contractual obligations at December 31, 2017:

			Due within			
Contractual obligations	**1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**Later**
	€	€	€	€	€	€
Loans payable:						
Loan payable to Dr. Flossdorf		-	-	-	100,000	-
Loan payable to Dr. Flossdorf	-	-	50,000	-	-	-
Loan payable to ETL Leasing GmbH & Co. KG	20,388	12,620	-	-	-	-
Loan payable to BMW Leasing GmbH	12,000	12,000	28,142	-	-	-
Sub-total	**32,388**	**24,620**	**78,142**	**-**	**100,000**	**-**
Bank indebtedness:						
Euram Bank	984,604	-	-	-	-	-
Account payable and other liabilities	4,516,518	-	-	-	-	-
Forward contracts	16,164	-	-	-	-	-
Debentures (i)	-	279,997	-	-	-	-
Related party note payable:						
Dr. Peter Wolfram Senst	30,000	30,000	30,000	30,000	22,500	-
GBT	44,462	-	-	-	-	-
SWT	50,000	-	-	-	-	-
SWT	75,000	-	-	-	-	-
Accrued interest	8,592	-	-	-	-	-
Total	**5,757,728**	**334,617**	**108,142**	**30,000**	**122,500**	**-**

(i) Face value of the debentures is CDN $500,000 recorded at fair value and translated to Euros at the reporting date.

21. Financial Instruments (continued)

Financial Instrument Risk Exposure (continued)

The following table presents the Company's contractual obligations at December 31, 2016:

	Due within					
Contractual obligations	**1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**Later**
	€	€	€	€	€	€
Loans payable:						
Loan payable to Dr. Flossdorf	100,800	-	-	-	-	-
Loan payable to Dr. Flossdorf	400	50,000	-	-	-	-
Loan payable to ETL Leasing GmbH & Co. KG	20,256	20,256	17,819	-	-	-
Sub-total	**121,456**	**70,256**	**17,819**	**-**	**-**	**-**
Bank indebtedness:						
Euram Bank	953,566	-	-	-	-	-
Account payable and other liabilities	6,106,469	-	-	-	-	-
Related party note payable:						
Dr. Peter Wolfram Senst	34,460	30,000	30,000	30,000	30,000	22,500
Dr. Joachim Thilo Senst	8,684	-	-	-	-	-
SWT Beteiligungs AG	-	50,000	-	-	-	-
SWT Beteiligungs AG	-	79,249	-	-	-	-
Accrued interest	484	1,412	-	-	-	32,336
Total	**7,225,119**	**230,917**	**47,819**	**30,000**	**30,000**	**54,836**

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

Although the Company has bank indebtedness subject to a variable interest rate (Note 12) the Company has no significant exposure at December 31, 2017 or 2016 to interest rate risk through its financial instruments.

Currency Risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities.

The Company's manages its foreign currency risk by holding a portion of its cash and cash equivalents in US dollars and by entering into forward exchange contracts to purchase US dollars with Euros in regular intervals (Note 7).

As at December 31, 2017 the Company held US $24,476 (2016 – US $75,555).

The following is an analysis of the Euro equivalent of financial assets and liabilities that are denominated in US and CAD dollars as at December 31, 2017 and 2016:

(Expressed in Euros)

21. Financial Instruments (continued)

Financial Instrument Risk Exposure (continued)

		December 31, 2017		December 31, 2016
Cash	€	24,476	€	75,555
Accounts receivable		4,609,299		4,942,434
Accounts payable		(5,068,551)		(5,427,381)
Debentures		(348,215)		-
	€	**(782,991)**	**€**	**(409,392)**

Based on the above net exposure at December 31, 2017, a 10% depreciation or appreciation of the US and Canadian dollar against the Euro would result in approximately a €78,299, decrease or increase respectively in both net and comprehensive loss (2016 – €40,939; 2015 – €50,978).

A 10% depreciation or appreciation of the US dollar against the Euro would result in a change in the fair value of the Company's forward contracts at December 31, 2017 by approximately €166,000 (2016 – €21,320).

The Company issued €329,750 (CDN $500,000) through the issuance of a non-convertible, subordinated debenture bearing interest at 10% per annum and 435,000 warrants (Note 20).

22. Management of Capital

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital, the issuance of new debt and the sale of assets in whole or in part.

23. Segmented Information

The Company operates in several segments in which it develops, markets, and sells Polaroid and Agfa products. The information is evaluated regularly by the Company's President and Chief Executive Officer, being the chief operating decision makers of the Company. The following is a breakdown of revenue by geographic area based on the customers' location:

		For the years ended December 31, 2017		2016
Revenue				
Germany	€	4,256,174	€	4,534,229
European Union (excl. Germany)		311,663		574,496
China/Hong Kong		200,254		9,632,251
Worldwide		15,488,284		8,829,082
	€	**20,256,375**	**€**	**23,570,058**

(Expressed in Euros)

23. Segmented Information (continued)

All non-current assets are held in Germany.

GBT Asia is used as a vehicle to place sales with end customers that are required by law to source products from China/Hong Kong (Note 15).

During the year ended December 31, 2017, the Company's three largest customers represented 30%, 25%, and 112% of the Company's total sales (2016 – 57%, 12% and 21%).

24. Income taxes

The reconciliation of the combined German statutory income tax rate of 15%, surtax of 5.5%, and commercial tax of 14% (total of 30%) and the UK statutory income tax rate of 19% for the years ended December 31, 2017 and 2016 to the effective tax rate is as follows:

		December 31, 2017		**December 31, 2016**
Net loss before income taxes	€	(3,983,086)	€	(4,155,484)
Expected income tax	€	(872,713)	€	(1,246,645)
Permanent differences and other adjustments		464,375		1,012,785
Change in tax benefits not recognized		408,338		233,860
Income tax recovery	**€**	**-**	**€**	**-**

The Company has deductible temporary differences for which deferred tax assets have not been recognized due to the uncertainty of recovery. The significant component of unrecognized deferred income tax assets at December 31, 2017 and 2016 are as follows:

		December 31, 2017		**December 31, 2016**
Net operating losses carried forward	€	573,706	€	165,368
Valuation allowance		(573,706)		(165,368)
Total deferred income tax assets	**€**	**-**	**€**	**-**

As at December 31, 2017, the Company has approximately €2,139,000 (2016 - €780,000) of tax losses which may be carried forward indefinitely but may be forfeited under a direct or indirect change in ownership.

25. Commitments and Contingencies

As at December 31, 2017 and 2016 the Company is required to make future minimum royalty payments, excluding any optional renewal periods, as follows:

		December 31, 2017		**December 31, 2016**
2017		-		784,299
2018		726,950		850,520
2019		598,859		727,501
2020		75,000		-
2021		75,000		-
2022		70,000		-
Total	**€**	**1,545,810**	**€**	**2,362,320**

26. Share Exchange Agreement

Pursuant to a securities exchange agreement (the “Securities Exchange Agreement”) entered into December 14, 2016, as amended on March 6, 2017, July 6, 2017, September 11, 2017 and November 22, 2017, among the Company, CUP Capital Corp. (“CUP”), GBT and SWT, CUP intends to acquire all of the issued and outstanding ordinary shares of the Company, by way of a share exchange, in exchange for such number of common shares of CUP as is equal to the GBLT Valuation (as such term is defined in the Securities Exchange Agreement) divided by $0.64 to be issued on completion of the share exchange to the shareholders of the Company at a deemed price of $0.64 per share in exchange for all of the issued and outstanding ordinary shares of the Company. Refer to Note 27.

27. Subsequent Event

Between January and February 2018, the Company issued 15,000 shares at a price of €0.70 per share for total proceeds of €10,500 and 528,250 shares at a price of €0.85 per share for total proceeds of €449,013.

The Securities Exchange Agreement completed in March, 2018 and the shares of the Company commenced trading on the TSX Venture Exchange on March 27, 2018, under the trading symbol GBLT.

In conjunction with the Securities Exchange Agreement, the Company completed a public offering of 4.7 million units for gross proceeds of $3,008,000. Each unit is composed of one common share and one-half of one common share purchase warrant at a price of 64 cents per unit, for a total issuance of 4.7 million common shares and 2.35 million warrants. Each warrant is exercisable into one common share at $1 per warrant share until March 22, 2020.

Broker issuance costs were paid as follows: (i) a 7.5-per-cent cash commission of $225,600; (ii) a work fee of $30,000; and (iii) 352,500 non-transferable broker warrants. Each broker warrant entitles the holder to one unit on the same terms as the units sold under the offering, exercisable at 64 cents per unit until March 22, 2020.

Pursuant to the terms of escrow agreements, an aggregate of 81,406,006 common shares and incentive stock options to acquire 5,921,223 common shares have been placed in escrow, which will be released in tranches over the next 36 months.