IMAGING DYNAMICS COMPANY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

Your Global Medical Imaging Technology Provider

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

As at Nov 28, 2017

General

Imaging Dynamics Company Ltd. (the "Company" or "IDC") is a medical technology company that has been an innovative force in the fast-growing field of Digital Radiography ("DR") equipment. IDC offers a family of products, which can be found in many leading medical and healthcare facilities, throughout the world. IDC was founded in May 1995 and maintains its corporate headquarters in Calgary, Alberta, Canada, a sales and marketing office in Beijing, China and operations, research and development centres in Calgary and Shanghai, China. IDC is a publicly traded company incorporated under the laws of the Province of Alberta. The Company is listed on the Toronto Venture Stock Exchange ("TSXV"), trading under the symbol "IDL".

The Company's technology produces digital diagnostic images. It replaces the need for film and chemical film processing, as well as reduces storage and retrieval costs normally associated with traditional X-ray technology.

The information included in this document should be read in conjunction with the Company's interim unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2017 and the audited consolidated financial statements for the year ended December 31, 2016 and related notes to the consolidated financial statements for the year ended December 31, 2016. The financial information contained in this document is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For additional information and details, readers are referred to the quarterly and annual consolidated financial statements and MD&A for the fiscal years 2016 and 2015 all of which are published separately and are available at www.sedar.com. Additional information relating to the Company may be found on the Company's web site: www.imagingdynamics.com.

Advisory regarding Forward-Looking Statements

This MD&A is intended to provide readers with the information that management believes is required to gain an understanding of IDC's current results and to assess the Company's future prospects. This MD&A contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A may contain forward-looking statements including, but not limited to the following:

- revenues;
- cost of sales;
- sales and marketing expenses;
- general and administration expenses;
- production/manufacturing expenses;
- research and development expenses;
- foreign exchange (gain) loss;
- warranty;
- bad debts;
- amortization;
- inventory;
- accounts receivable;
- short term borrowing;
- sources of funding;
- convertible debentures.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur.

There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and averse to the Company and its shareholders.

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, future demand for digital radiography products, competition, product pricing, cost of goods and external financing options. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. These factors include, but are not limited to: risks associated with competition, financial risks, substantial capital requirements, bank financing, government regulation, environmental, prices, markets and marketing, dependence on key personnel, dependence of key and single source vendors, risks may not be insurable, management of growth, expiration of licenses and patents, seasonality, conflicts of interest, issuance of debt, title to patents and property, variations in foreign exchange rates, and hedging. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.

Certain statements in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the medical imaging industry. These risks and uncertainties include, but are not restricted to, continued increased demand for the Company's products, the Company's ability to maintain its technological and competitive advantages in the field of digital radiography, the Company's ability to attract and retain key employees, the enforceability of the Company's patents, the Company's ability to raise capital on acceptable terms when needed, and the availability of key components. These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. The reader is cautioned not to rely on these forward looking statements. The Company will provide appropriate periodic updates to forward-looking statements should circumstances or Management's estimates or estimates or opinions change.

All dollar amounts are in Canadian Dollars unless otherwise stated.

In this MD&A, we may describe certain income and expense items that are unusual or non-recurring. These terms are not defined by IFRS. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. In addition, terms such as income before interest, taxes, depreciation and amortization ("EBITDA") and backlog are not defined by IFRS, and our use of such terms or measurement of such items may vary from that of other companies. Where relevant, and particularly for earnings-based measures, we provide tables in this document that reconcile non-IFRS measures used to amounts reported on the face of the consolidated financial statements.

Executive Summary

Management continues to work to grow the business and work towards profitability.

Due to the Chinese government Health care reform, government hospitals are restricted to purchase from a foreign company. In the third quarter of 2017, the sales dropped down sharply in China. The potential China market is still huge. The management is financing from new partnerships. The transaction is on processing now.

Investments continue in product development and asset. The mix of sales is shifting to flat panel DR systems versus CCD's and related parts.

Accounts receivable balances remain high as the Company must provide extended credit terms to be able to compete competitively in the Chinese market. This is partially offset by extended payment terms on accounts payable.

Interest costs have increased quarter over quarter as convertible debenture financing grew to almost $18 million. Please refer to the Liquidity and Capital Resources section for additional details.

As of September 30, 2017, IDC had 106 employees in China and 16 in Calgary. Because of the expansion, costs have increased when compared to the prior year.

Goals and outlook

The condensed consolidated financial statements of the Company have been prepared by Management in accordance with IFRS applicable to a going concern, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

The executive team, along with the Board, continues to work on the strategy to grow the business and work towards profitable operations. The Company continues to work towards developing new strategic business relationships globally, to look at potential strategic business acquisition opportunities, develop new products and to secure new sales. The Company will also work on developing new medical device business categories that are complementary to its business and take advantage of the Company's global brand and distribution network. The Company has also been working to develop new markets and obtain further product certifications.

Changes in group structure

During the quarter ended September 30, 2017, IDC Shanghai acquired 100% of the share capital of IDC Healthcare (Beijing) Co. Ltd ("IDC Beijing"). Prior to this, IDC Beijing was a wholly-owned subsidiary of IDC.

On April 10, 2017, IDC Beijing closed on the acquisition of 51% of the common shares of Guangzhou Service Medical Tech. Co., Ltd. ("Guangzhou Service"), a Chinese company. The name of this subsidiary has been changed from Guangzhou Service to IDC (Guangzhou) Ltd.

IDC Shanghai is financing with 3 companies. The total transaction is 80M CNY. Prior to the closing of the Transaction, revenue generated by the Subsidiary constituted approximately 80% of the revenues of the Company on a consolidated basis. It is anticipated that the Transaction will result in a significant and material decrease in IDC's sales revenue as well as its recognized losses.

Liquidity and Capital Resources

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

At September 30, 2017, the Company had negative working capital of $2,542,695(working capital at December 31, 2016 – $6,526,294), negative cash flows from operating activities for the nine months ended September 30, 2017 of $7,640,172 (year ended December 31, 2016 – negative $10,418,348) and a loss of $7,708,145 (year ended December 31, 2016 – $5,672,660) and a deficit at September 30, 2017 of $107,021,293 (December 31, 2016 deficit – $99,346,025).

Working capital decreased by $9,068,989 compared to December 31, 2016. This is primarily the result of the Company's net loss for the period as well as investments in intangible assets for product development.

The ability of the Company to continue as a going concern will depend on attaining a satisfactory revenue level, the generation of cash from operating activities and the ability to secure additional new financing arrangements and new capital, the outcome of any of these is uncertain. The Company will continue to seek additional capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. However, the disclosed uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Although, in the opinion of management, the use of the going concern assumption is appropriate, there can be no assurance that any steps management is taking will be successful. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The Company's cash and cash equivalents totaled $349,902 at September 30, 2017, a decrease from the cash balance of $7,076,719 available at December 31, 2016. Funds were used for new product development, funding working capital to support increased sales, fixed asset additions, a short term loan to a key third party supplier in China and for overhead.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sales of its digital imaging products and medical devices and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity and the Convertible Debentures proceeds.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets to adjust the amount of cash and cash equivalents.

Third Quarter 2017 Results

- Gross revenues for the three and nine months ended September 30, 2017decreased by 31 percent and 29 percent compared to the same period in 2016. This is due to the Chinese government encouraging government hospitals to purchase from Chinese companies. In the third quarter of both 2016 and 2017, 70 percent of company sales were in China and 30 percent were in the Americas.

- Gross margin for the three and nine months ended September 30, 2017 were $15,313 (1.7 per cent) and $309,904 (13.8 percent) compared to $549,202 (42.1 percent) and $965,724(30.3%) for the same period in 2016. The decrease in the gross margin in 2017 was attributable to a change in product mix and some products is promoted to the market.

- Overhead costs (sales, general and administrative, production and manufacturing, and research and development expenses) for the quarter ended September 30, 2017 were $2,096,154, compared to $1,722,255 in the same period in 2016. China accounted for $1,135,788 of SAR costs in the third quarter of 2017 At September 30, 2017, IDC employed 122 full time staff, 106 of whom were in China. This increase is due to the company being at full operation in 2017 and its continuing emphasis on the Asian sales market. During 2016 the company was just beginning to establish operations, its sales force and research facilities in China and Canada.

- Net loss for the three and nine months ended September 30, 2017 was $2,531,091 ($0.04 per share) and $ 7,708,145 ($ 0.13 per share), compared to a net loss of $1,242,909 ($0.02 per share) and $ 4,287,490($ 0.07 per share) in the same period of 2016 on a post-consolidated basis. The main contributors of this increased loss in the third quarter of 2017 compared to 2016, increased overhead due to full operations during first quarter of 2017. Also, interest costs on the convertible debentures and the short-term loan payable increased as this debt increased.

- Trade and other receivables decreased to $3,899,660 at the end of September 30, 2017 from $4,842,506 at December 31, 2016, primarily due to a decline in third quarter 2017 sales and the receipt of amounts owing from customers.

- During the nine months period ended September 30, 2017, the Company advanced 8,000,000 CNY to an unrelated third party supplier and 4,000,000 CNY was subsequently repaid, leaving a balance of 4,000,000 CNY, or an equivalent of $791,983. This CNY denominated short term advance bears interest at 7%. The remaining amount and associated interest will be due on Jan 3, 2018.

- Trade and other payables increased from $4,311,686 at December 31, 2016 to $5,049,264 at September, 2017. This increase is due to more inventory purchases and payments being made to vendors. The payment terms for some of the Company's accounts payable are extended to match the extended terms for its own accounts receivables.

Overall Performance

Trade and other receivables

Trade and other receivables decreased to $3,899,660 at the end of September 30, 2017 from $4,842,506 at December 31, 2016, primarily due to a decline in third quarter 2017 sales and the receipt of amounts owing from customers.

Many of the Company's distribution partners have income streams from various sources and have an established history of providing goods and services to the health care industry. The Company does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances. In cases where collection is in question, the Company has the ability to withhold both warranty support or warranty parts to a dealer that has not paid, remove the dealer as a qualified Company dealer, as well as any and all legal recourse measures.

In the Asian medical device industry, it is a local industry practice that companies, especially state-owned and small private companies, do not normally pay vendors based on advance payment credit terms. Vendors often do not charge interest for late payments. Many Asian companies structure and make payments to vendors based on their cash flow. As a result, it is common in the Asian medical device industry for receivables to be overdue for over one year. Given these extended payment terms, there is further credit risk that could result in an increase to uncollectible accounts in the future. As of September 30, 2017, the Company has a large amount of receivables from Chinese customers that are included in the past due 181 – 365 days category and are not considered impaired. As of September 30, 2017, trade accounts receivable includes $1,588,704 owing from two customers representing individually over 10% each of the outstanding accounts receivable. In addition, it is the Company's policy to calculate a bad debt provision on receivables greater than 180 days based on historical accounts receivable write-offs. During the quarter ended September 30, 2017, the Company increased its allowance for doubtful accounts by $33,130 (year ended December 31, 2016 - $5,918). As a result, the Company currently believes its allowance for doubtful accounts is adequate, but continues to monitor its outstanding receivables.

The following table is a geographic breakdown of the trade and other receivables:

As at	September 30, 2017	December 31, 2016
China	90.5%	95.0%
Americas	9.5%	5.0%

Inventory

The inventory value of $2,136,614 at September 30, 2017 was primarily made up of flat panels and manufactured DR product lines.

Prepaid expenses

Prepaid expenses increased from the end of the prior year due to prepayment for inventory that the company was not able to obtain payment terms for, and which was received subsequent to period end.

Revenues

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Total revenues	**$ 895,648**	$ 1,305,822	**$ 2,244,501**	$ 3,191,256
Percentage change from corresponding prior year period	**-31.4%**	69.9%	**-29.7%**	71.0%

Gross revenues for the three and nine months ended September 30, 2017decreased by 31 percent and 29 percent compared to the same period in 2016. This is due to the Chinese government encouraging government hospitals to purchase from Chinese companies. In the third quarter of both 2016 and 2017, 70 percent of company sales were in China and 30 percent were in the Americas.

Gross Profit

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Gross profit	**$ 15,313**	$ 549,202	**$ 309,904**	$ 965,724
Percentage of sales	**1.7%**	42.1%	**13.8%**	30.3%

Gross margin for the three and nine months ended September 30, 2017 were $15,313 (1.7 per cent) and $309,904 (13.8 percent) compared to $549,202 (42.1 percent) and $965,724(30.3%) for the same period in 2016. The decrease in the gross margin in 2017 was attributable to a change in product mix and some products is promoted to the market.

Sales, Administration and Research (SAR)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Sales, administration and research	**$ 2,096,154**	$ 1,722,255	**$ 6,247,319**	$ 4,538,066
Percent of sales	**234.0%**	131.9%	**278.3%**	142.2%

SAR consist principally of salaries and other costs associated with the Company's sales force and marketing activities and administration. Marketing expense is in the form of advertising, promotions and trade shows, travel and post-sales support and service for sales and marketing.

The Company continues to focus on sales in China and is focusing its strategy to gain new OEM and distribution partners to sell its products globally.

SAR costs for the quarter ended September 30, 2017 were $2,096,154, compared to $1,722,255 in the same period in 2016. China accounted for $1,135,788 of SAR costs in the third quarter of 2017 At September 30, 2017, IDC employed 122 full time staff, 106 of whom were in China. This increase is due to the company being at full operation in 2017 and its continuing emphasis on the Asian sales market. During 2016 the company was just beginning to establish operations, its sales force and research facilities in China and Canada.

IDC has begun to develop new product offerings. Research and development expenses to September 30, 2017 were $147,567 compared to $267,360 in the same period in 2016. Investment in capitalized development costs was $621,138 in the third quarter of 2017 due to product development, compared to $Nil in the same period of 2016.

Production and Manufacturing Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Production and manufacturing	**$ -**	$ 63,689	**$ -**	$ 266,037
Percentage of sales	**0.0%**	4.9%	**0.0%**	8.3%

Production and manufacturing expenses include payroll costs, warehousing, facility costs, logistics and assembly expenses that are not assigned to specific products or components and are not included in cost of goods but are disclosed separately as production and manufacturing expenses.

In 2017, the Company has commenced assembly of equipment in its Calgary location and is allocating all of manufacturing inputs through inventory and costs of sales. In the third quarter of 2016, much of the revenue was composed of part sales.

Foreign Exchange (Gain) / Loss

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Foreign exchange loss (gain)	**$ 37,861**	$ (98,569)	**$ 44,286**	$ 33,303
Percentage of sales	**-1.0%**	(1.0)%	**2.0%**	1.0%

During the three and nine month period ended September 30, 2017, the Company incurred a foreign exchange loss of $37,861 and $44,286 respectively compared to foreign exchange gain of $98,569 and foreign exchange loss of $33,303 for the same period in 2016. The principal currencies to which the Company is exposed are the US dollar and Chinese CNY.

Because of the operations in Shanghai and Beijing China, IDC recorded a foreign currency translation loss of $5,384 in the third quarter of 2017 resulting from the conversion of the Chinese CNY functional currency which increased slightly versus the Canadian dollar presentation currency.

The Company did not enter into any foreign currency forward contracts during 2017 and 2016. The Company endeavors to maintain a natural hedge between receivables and payables denominated in US dollars, but was exposed to a large long position in US dollar cash in the first quarter of 2016. The Company is limited in the amount of forward contracts into which it can enter. As at September 30, 2017, the company had no outstanding forward contracts.

Warranty Expense

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Warranty expense	**$ 7,871**	$ (76,081)	**$ 24,397**	$ (68,320)
Percentage of sales	**0.9%**	-5.8%	**1.1%**	-2.1%

An estimate of warranty claims is recognized at the time of sale and a liability is set up on the balance sheet. Cost of parts issued under warranty is adjusted against the warranty provision and on expiry of the warranty period the unused warranty provision is recognized as a warranty recovery on the consolidated statement of operations and comprehensive loss.

The Company recorded a net warranty expense of $7,871 in the third quarter of 2017, compared to a net warranty recovery of $76,081 in the same period in 2016.

Bad debts expense

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Bad debts expense (recoveries)	**$ 33,130**	$ -	**$ 176,365**	$ (25,106)
Percentage of revenue	**216.4%**	(2.9)%	**7.9%**	(1.3)%

The Company recorded bad debt expense of $33,130 in the third quarter of 2017, compared to a bad debt expense recovery of nil in the same period in 2016. As disclosed earlier in the trade accounts receivable section of this MD&A, the Company has reserved for a portion of its outstanding accounts receivable aged greater than 180 days old based on past corporate collection history.

Depreciation and Amortization

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Depreciation and amortization	**$ 75,901**	$ 41,408	**$ 233,371**	$ 84,356
Percentage of sales	**8.5%**	3.2%	**10.4%**	2.6%

During the nine months of 2017,IDC spent $133,677 on new trade show equipment in Calgary, Canada and $1,547,389 on development costs for new products. During the same period in 2016, IDC spent $486,891 on leasehold improvements in Beijing and Shanghai, China and Calgary, Canada along with $232,107 on technical, lab and computer equipment and office equipment as operations were being set up. The increase in amortization from 2016 to 2017 periods is reflective of these additional capital expenditures, as well as the commencement of amortization on certain of its development costs for new products available for sale.

Interest Expense

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Interest expense	**$ 473,941**	$ 259,252	**$ 1,358,794**	$ 715,885
Percentage of sales	**52.9%**	19.9%	**60.5%**	22.4%

Interest expense for the quarter ended September 30, 2017 was $473,941, compared to interest expense of $259,252 for the same period in 2016. The increase in interest expense for 2017 relates to the interest payable on the convertible debentures and the short-term loan payable. A total of $18,000,000 was received from convertible debenture financings closing on September 28, 2015, January 22, 2016, and October 7, 2016. Each of these convertible debentures bear coupon interest payments at 6.0% per annum payable annually. Interest payments of $375,000 are due on September 28, 2017 is delayed.

In August and December 2016, the Company received a total of 20,000,000 CNY (or an equivalent of $3,827,971) as of September 30, 2017 under a short-term loan payable to private Chinese corporation controlled by a director of the Company. This CNY denominated loan bears interest at 7% per annum, payable quarterly. 10,000,000 CNY is paid on October 15, 2017

On April 13 2017, the Company received an advance of 10,000,000 CNY (or an equivalent of $1,913,986) as of September 30 under a short-term loan payable to private Chinese corporation controlled by a director of the Company. This CNY denominated loan bears interest at 7% per annum, payable quarterly.

Net Profit (Loss)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net loss	**$ (2,531,091)**	$ (1,242,909)	**$ (7,708,145)**	$ (4,287,490)

Net loss for the three and nine months ended September 30, 2017 was $2,531,091 ($0.04 per share) and $ 7,708,145 ($ 0.13 per share), compared to a net loss of $1,242,909 ($0.02 per share) and $ 4,287,490($ 0.07 per share) in the same period of 2016 on a post-consolidated basis. The main contributors of this increased loss in the third quarter of 2017 compared to 2016, increased overhead due to full operations during first quarter of 2017. Also, interest costs on the convertible debentures and the short-term loan payable increased as this debt increased.

Share capital

The Company's shares trade on the TSX Venture Exchange under the symbol IDL.

Common shares outstanding and dilutive instruments as at the date hereof are as follows:

	November 28, 2017	September 30, 2017	December 31, 2016
Common shares outstanding	58,857,656	58,857,656	58,857,656
Stock options	1,700,000	1,700,000	1,754,400
Warrants	-	-	10,000,000
Shares issuable on conversion of convertible debentures	148,633,333	148,633,333	148,833,333

The above listed warrants expired on February 23, 2017.

Selected Annual Information

As at December 31,	2016	2015	2014
Cash and cash equivalents	$7,076,719	$10,128,633	$265,312
Current assets	14,942,248	10,843,095	1,103,236
Total assets	16,814,392	10,966,954	1,340,084
Total liabilities	25,756,946	14,130,170	3,362,863
Working capital (deficiency)	6,526,294	2,627,957	(2,259,627)
For the year ended December 31,	**2016**	**2015**	**2014**
Revenues	$7,543,199	$2,435,667	$2,546,317
Gross profit	2,302,058	541,206	773,044
Gross profit percentage	30.5%	22.2%	30.4%
Net loss	(5,672,660)	(3,828,253)	(1,378,232)
Net comprehensive loss	(6,202,136)	(3,736,059)	(1,378,232)
Basic and diluted loss per share (*)	$ (0.10)	$ (0.07)	$ (0.04)
Weighted average common shares outstanding (*)	58,857,656	55,570,000	38,857,671

*Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016

Selected Quarterly Information

The following selected financial data has been extracted from the unaudited interim consolidated financial statements, prepared in accordance with IFRS, for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

As at	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Cash and cash equivalents	$349,902	$697,756	$2,558,243	$7,076,719
Current assets	9,475,620	10,193,405	12,248,218	14,942,248
Total assets	12,981,773	13,142,674	14,649,159	16,814,392
Total liabilities	29,599,272	27,097,774	26,074,390	25,756,946
Working capital (deficiency)	(2,542,695)	585,249	3,603,159	6,526,294

For the three months ended	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Revenues	$895,648	$351,049	$997,804	$4,351,943
Gross profit (loss)	15,313	88,725	205,866	1,258,986
Gross profit percentage	1.7%	25.3%	20.6%	28.9%
Net loss attributable to owners of the Company	-2,518,995	-2,512,002	-2,507,580	-1,385,170
Net comprehensive loss attributable to owners of the Company	(2,517,911)	(2,541,755)	(2,482,677)	(1,480,391)
Basic and diluted loss per share	$ (0.04)	$ (0.04)	$ (0.04)	$ (0.02)
Weighted average common shares outstanding (*)	58,857,656	58,857,656	58,857,656	58,857,656

*Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016

Related Party Transactions

Related party transactions are documented in detail in the financial statements. For the nine months ended September 30, 2017, refer to details of related party transactions in note 20 to financial statements.

Off-Balance Sheet Arrangements

At the date of this report, the Company had no off-balance sheet arrangements, other than the operating lease and subsidiary funding commitments detailed in note 25 to the annual 2016 financial statements.

Risk Factors

In the normal course of business, the Corporation's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition, and operating results.

The activities of the Corporation are subject to ongoing operational risks including the performance of key suppliers, product performance, governmental and other industry regulations, operating in foreign countries and reliance on information systems, all of which may affect the ability of the Corporation to meet its obligations. While management believes its innovation and technology make it a leader in the industry, revenue and results may be affected if products are not accepted in the marketplace, are not approved by regulatory authorities, or if products are not brought to market in a timely manner.

a) Impact of Current Economic Environment

The Corporation may experience increased price pressure and other competitive pressures as customers adjust to the current environment. The Corporation also expects that the global economic environment will impact the financial condition of some of the Corporation's customers and suppliers. The Corporation will continue to closely monitor its customers' ability to pay their receivables and monitor the Corporation's suppliers in an effort to ensure consistency of supply. The interruption of supply from a supplier, especially for single sourced components, could have a significant impact on the Corporation's operations and its customers, if the Corporation is unable to deliver finished product in a timely manner.

b) Risks Related to Current Global Financial Markets

The Corporation is subject to counter-party risk and liquidity risk. The Corporation is exposed to various counter-party risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through customers, dealers, distributors and OEM's that have payables to the Corporation; (iii) through the Corporation's insurance providers; (iv) through the Corporation's lenders; and (v) through companies that have received deposits from the company for the future delivery of parts for the company's products. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's planned growth could be adversely impacted and the trading price of the Corporation's securities could also be adversely affected.

c) Key Personnel

The DR industry involves a high degree of risk, which a combination of experience, knowledge and careful business evaluation may not be able to overcome. The success of the Corporation is dependent on the services of its senior management. The experience of these individuals will be a factor contributing to the Corporation's continued success and growth. The loss of one or more of its key employees could have a material adverse effect on the Corporation's operations and business prospects. In addition, the Corporation's future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, manufacturing, sales and marketing personnel. There can be no assurance that the Corporation will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Corporation's business, operating results and financial condition.

The Corporation does not have key man insurance in place in respect of any of its senior officers or personnel.

d) Accounts Receivable, Allowance for Doubtful Accounts & Bad Debts

The Corporation evaluates the collectability of its trade receivables based upon a combination of factors on a periodic basis. When the Corporation becomes aware of a customer's inability to meet its financial obligations to the Corporation (such as in the case of bankruptcy filings or material deterioration in the customer's financial position and payment experience), the Corporation records a specific bad debt provision to reduce the customer's related trade receivable to its estimated net realizable value. If circumstances are related to specific customer's change, the Corporation's estimates of the recoverability of trade receivables could be further adjusted. It should be noted that the Corporation does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances

In the Asian medical device industry, it is a local industry practice that companies, especially state-owned and small private companies, do not normally pay vendors based on advance payment credit terms. Vendors often do not charge interest for late payments. Many Asian companies structure and make payments to vendors based on their cash flow. As a result, it is common in the Asian medical device industry for receivables to be overdue for over one year. Given these extended payment terms, there is further credit risk that could result in an increase to uncollectible accounts in the future. As of September 30, 2017, the Company has a large amount of receivables from Chinese customers that are included in the past due 181 – 365 days category and are not considered impaired. As of September 30, 2017, trade accounts receivable includes $331,299 owing from a customer representing individually over 10% each of the outstanding accounts receivable. In addition, it is the Company's policy to calculate a bad debt provision on receivables greater than 180 days based on historical accounts receivable write-offs. During the nine month period ended September 30, 2017, the Company increased its allowance for doubtful accounts by $33,130 (year ended December 31, 2016 - $36,169 decrease). As a result, the Company currently believes its allowance for doubtful accounts is adequate, but continues to monitor its outstanding receivables.

e) Additional Financing Requirements

The Corporation currently does have the necessary financing in place to support short term operating losses, but would not be able to support sustained operating losses. Historically, the Corporation has financed its operations and investments through the use of funds obtained from share issuances and debt financing. These matters raise significant doubt about the Corporation's ability to continue as a going concern and the appropriateness of the use of accounting principles applicable to a going concern. The Corporation's continuation as a going concern is dependent upon, amongst other things, attaining a satisfactory revenue level, the generation of cash from operations and the ability to secure new financing arrangements and new capital.

The Corporation is considering various alternatives to remedy any future shortfall in capital. Options open to the Company are to raise capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. There is no assurance this capital will be available and if it is not, the Corporation may be forced to substantially curtail or cease operations. Although in the opinion of Management, the use of the going concern assumption is appropriate, there can be no assurance that any steps Management is taking will be successful.

f) Protection of Intellectual Property

Although the Corporation does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Corporation or that any such assertions or prosecutions will not materially adversely affect the Corporation's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Corporation could incur significant costs and diversion of resources with respect to the defence thereof which could have a material adverse affect on the Corporation's business, financial condition or results of operations. The Corporation's performance and ability to compete are dependent to a significant degree on its proprietary technology. The Corporation relies on its patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect its proprietary rights. As part of its confidentiality procedures, the Corporation generally, enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information.

Accordingly, while the Corporation will endeavour to protect its intellectual property, there can be no assurance that the steps taken by the Corporation will prevent misappropriation of its technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Corporation little or no effective protection of its intellectual property. While the Corporation's technology is developed and owned by the Corporation, it may in the future also rely on technology licenses from third parties. There can be no assurance that these third party licences will be, or will continue to be, available to the Corporation on commercially reasonable terms. The loss of, or inability of the Corporation to maintain, any of these technology licences could result in delays in completing its product enhancements and new developments until equivalent technology can be identified, licensed or developed and integrated. Any such delays would materially adversely affect the Corporation's business, financial condition and results of operations.

g) Competition

The Corporation may not be able to compete successfully against current and future competitors, and the competitive pressures the Corporation faces could harm its business and prospects. Broadly speaking, the market for Digital Radiography is at maturity and is highly competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Many of the Corporation's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition, and significantly greater financial, sales, marketing, technical, and other resources than the Corporation. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Corporation markets and distributes. New technologies and the expansion of existing technologies may also increase competitive pressures on the Corporation. Increased competition may result in reduced operating margins as well as loss of market share. This could result in decreased usage of the Corporation's products and may have a material adverse affect on the Corporation's business, financial condition and results of operations.

h) Implementation Delays

Many of the Corporation's customers will be in the initial adopter stage of utilizing the Corporation's products and may encounter delays or other problems in the introduction or implementation of the Corporation's products. A decision not to do so, or a delay in implementation, could result in a delay or loss of related revenue or could otherwise harm the Corporation's business and prospects. The Corporation will not be able to predict when a customer that is in an early adopter use phase will adopt a broader use of the Corporation's products.

i) Developing Markets

The market for the Corporation's products is relatively new in Emerging Markets and continues to evolve in established markets. The adoption and use of the Corporation's products will involve changes in the manner in which medical facilities have traditionally used such products. In some cases, the Corporation's customers will have little experience with products like those offered by the Corporation. The Corporation's ability to influence usage of its products by customers will be limited or non-existent. The Corporation will spend considerable resources educating potential customers about the value of the Corporation's products. It is difficult to assess, or predict with any assurance, the present and future size of the potential market for the Corporation's products, or its growth rate, if any. Moreover, the Corporation cannot predict whether its products will achieve broad market acceptance. The Corporation's ability to achieve its business objectives also depends upon rapid market acceptance of future enhancements to its products. Any enhancement that is not favorably received by customers may not be profitable and, furthermore, could damage the Corporation's reputation or brand name.

j) Technological Change

The Digital Radiography industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the Digital Radiography industry is also subject to changing industry standards, market trends and customer preferences, and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Corporation will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new products. While the Corporation believes that its products will be competitive, no assurances can be given that the products of the Corporation will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by competitors which might render the products of the Corporation less competitive, less marketable, or even obsolete over time. The future success of the Corporation will be influenced by its ability to continue to develop, or offer new competitive products through OEM relationships.

Although the Corporation is committed to the development of new products and the improvement of its existing products, there can be no assurance that these research and development activities will prove profitable, or that products or improvements resulting there from, if any, will be successfully produced and marketed. The Digital Radiography industry is characterized by technological change, changes in user and customer requirements, new product introductions and new technologies, and the emergence of new industry standards and practices that could render the Corporation's technology obsolete or have a negative impact on sales margins the Corporation's product may command. The Corporation's performance will depend, in part, on its ability to enhance its existing products, develop new proprietary technology that addresses the

sophisticated and varied needs of its prospective customers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

The development of technology entails significant technical and business risks. There can be no assurance that the Corporation will be successful in using new technologies effectively or adapting its products to customer requirements or emerging industry standards.

k) Strategic Alliances

The Corporation's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships with suppliers and distribution channels. To date, the strategic alliances negotiated by the Corporation have not been exclusive or restricted as to location or technological environment. This strategy has afforded the Corporation the necessary flexibility to broaden its distribution by increasing the number of strategic alliances and working relationships. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor can there be any assurance that new relationships, if any, will afford the Corporation the same flexibility under which the Corporation currently operates.

l) Resolution of Product Deficiencies

Difficulties in product design, performance and reliability could result in lost revenue, delays in customer acceptance of the Corporation's products and/or lawsuits, and would be detrimental, perhaps materially, to the Corporation's market reputation. Some product deficiencies are typically found during the period immediately following the introduction of new products or enhancements to existing products. Undetected software bugs or product performance problems may be discovered in the future. Moreover, known errors which the Corporation considers minor may be considered serious by its customers. If the Corporation's internal quality assurance testing or customer testing reveals performance issues and/or desirable feature enhancements, the Corporation could postpone the development and release of updates or enhancements to its current products or the release of new products. The Corporation may not be able to successfully complete the development of planned or future products in a timely manner, or to adequately address product defects, which could harm the Corporation's business and prospects. In addition, product deficiencies may expose the Corporation to liability claims, for which the Corporation may not have sufficient liability insurance. A successful law suit against the Corporation could harm its business and financial condition.

m) Management of Growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Corporation may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Corporation's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses.

In order to manage its current operations and any future growth effectively, the Corporation will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Corporation will be able to manage such growth effectively, that its management, personnel or systems and will be adequate to support the Corporation's operations.

n) Negative Cash Flow & Absence of Profits

The Corporation has been unable to consistently generate profits and there is no assurance that it will be able to in the future. A significant portion of the Corporation's financial resources will continue to be directed to working capital, the ongoing improvement and development of its products, and channel related marketing activities. There is no assurance that future revenues will be sufficient to generate the required funds to continue business development and marketing activities.

o) Exchange Rate Fluctuations

The Corporation will transact the majority of its sales in US dollars and Chinese Renminbi, while a large portion of the Corporation's operating expenses will be in Canadian dollars. Even though the Corporation periodically has hedging programs in place to manage the potential exposure to fluctuations in the US/CNY/Canadian dollar exchange rate, fluctuations in the US/CNY/Canadian dollar exchange rate will impact the Corporation's earnings and cash flows.

Currently the Corporation is not entering into any hedging programs due to the non-availability of a credit facility with its bank.

p) Expansion into International Markets

The Corporation may choose to invest significant financial and managerial resources to the continued improvement and development of its products. Should it find it necessary to do so, the cost of opening new offices abroad and hiring new personnel for such offices could significantly decrease the Corporation's profitability if such new offices do not generate sufficient additional revenue within the same fiscal period.

A key component of the Corporation's strategy will be to further expand into international markets including Latin America, the Middle East, and Asia and the Corporation must devote substantial resources to its international operations in order to succeed in these markets. In this regard, the Corporation may encounter difficulties such as: (i) unexpected changes in regulatory requirements and trade barriers applicable to the Corporation's business; (ii) challenges in staffing and managing foreign operations, including employment laws and practices in jurisdictions with different legal systems; (iii) seasonal reductions in business activity and economic downturns; (iv) longer payment cycles and problems in collecting accounts receivable; (v) different technology standards; and (vi) reduced protection for intellectual property rights in certain countries in which the Corporation may operate. In addition, the Corporation's focus on international markets subjects it to fluctuations in currency exchange rates and, depending on the jurisdiction, foreign currency exchange laws. Any of the foregoing difficulties of conducting business internationally could harm the Corporation's international operations and, consequently, its business and prospects.

q) Dependence on Third Party Suppliers

The Corporation has established relationships with certain third party suppliers upon whom it presently relies to provide certain key materials and components for completion of its products. In the event of the inability of these third parties to supply those materials and components in a timely manner or to supply materials and components that continue to meet the Corporation's quality, quantity or cost requirements, the Corporation will be required to purchase these materials and components from another supplier. If another supplier who can supply the materials and components in a timely manner or that meet the Corporation's quality, quantity, or cost requirements cannot be found, then the Corporation's ability to manufacture its products will be negatively impacted.

Accounting standards issued but not yet adopted

IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB on December 16, 2011 and will replace the IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having two categories: amortized cost and fair value.

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. IFRS 9 also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. This standard is mandatorily effective from January 1, 2018, with earlier application permitted.

IFRS15 – *Revenue from Contracts and Customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18 – *Revenue*, IAS 11 – *Construction Contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – *Leases* - On January 13, 2016, the IASB issued the final version of IFRS 16 *Leases*. The new standard will replace IAS 17 *Leases* and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

IFRS 2 – *Share-based payment* – In June 2016 the IASB issued amendments to IFRS 2 to be applied for annual periods beginning on or after January 1, 2018 with early adoption permitted. The amendments clarify how to account for certain types of share-based payment transactions.

The Company is currently assessing the impact of the new standards on its consolidated financial statements but does not anticipate the standards having a significant impact on the Company’s consolidated financial statements.