

FINTECH SELECT LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited

September 30, 2018

FINTECH SELECT LTD.

September 30, 2018

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Fintech Select Ltd.

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

(Presented in Canadian Dollars)

As at September 30, 2018

	Note	September 30 2018	December 31 2017
ASSETS			
			(audited)
CURRENT			
Cash – non-restricted		\$ 18,489	\$ 915,934
Cash – restricted	3	29,931	30,859
Accounts receivable		168,278	325,713
Investment held for sale		107,247	104,252
Inventory		43,191	28,418
Prepaid and other assets		72,236	79,220
		439,372	1,484,396
LONG TERM			
Property and equipment	4	198,685	205,915
Intangibles	5	170,887	214,592
		369,572	420,507
		808,944	\$ 1,904,903
LIABILITIES & SHAREHOLDER'S EQUITY			
CURRENT			
Accounts payable and accrued liabilities		4,213,823	\$ 6,026,818
Deferred revenue		76,987	71,691
Demand loan	6	--	16,876
Customer deposits		35,200	35,200
		4,326,010	6,150,585
SHAREHOLDER'S EQUITY			
Share capital	7	17,945,142	17,945,142
Contributed and other surplus		6,338,801	6,338,801
Warrant and Option Capital	8, 9	356,293	356,008
Other comprehensive loss		(236,961)	(218,859)
Deficit		(27,920,341)	(28,666,774)
		(3,517,066)	(4,245,682)
		\$ 808,944	\$ 1,904,903

Approved by the Board

Andre Itwaru
Director (Signed)

Mohammad Abuleil
Director (Signed)

See accompanying notes

Fintech Select Ltd.

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss (Unaudited)

(Presented in Canadian Dollars)

For 3 and 9 months ended September 30, 2018

	Three months ended September 30		Nine months ended September 30,	
	2018	2017	2018	2017
REVENUE	\$ 762,093	\$ 898,729	\$ 2,386,449	\$ 2,927,497
EXPENSES				
Goods and services purchased	163,495	374,801	578,991	1,139,198
Salaries and benefits	567,125	392,718	1,799,113	1,376,698
Other general and administrative	133,375	254,104	551,610	912,363
Stock based compensation	--	--	285	94,980
Foreign exchange loss (gain)	13,462	(17,877)	(2,903)	(31,224)
Amortization	25,125	31,244	78,491	100,928
Unrealized investment loss (gain)	(5,705)	--	52,205	--
Interest on demand loan	--	550	427	186,423
Loss on disposal of equipment	--	--	--	5,896
	896,877	1,035,540	3,058,219	3,785,262
Net loss from operations	(134,784)	(136,811)	(671,770)	(857,765)
Other income	73,488	25,948	1,418,203	795,995
Net income (loss)	(61,296)	(110,863)	746,433	(61,770)
Exchange difference on translating foreign operation	(4,934)	22,441	(18,102)	42,759
Comprehensive income (loss)	\$ (66,230)	\$ (88,422)	\$ 728,331	\$ (19,011)
Income (Loss) per share				
Basic and diluted	\$ (0.001)	\$ (0.0019)	\$ 0.012	\$ (0.0013)
Weighted average number of shares outstanding				
Basic and diluted	64,374,515	59,734,446	64,374,515	45,855,178

See accompanying notes

Fintech Select Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Presented in Canadian Dollars)

For 3 and 9 months ended September 30, 2018

	Three months ended September 30		Nine months ended September 30,	
	2018	2017	2018	2017
Cash provided by (used in)				
Operations				
Net income (loss)	\$ (61,296)	(110,863)	\$ 746,433	\$ (61,770)
Items not affecting cash				
Amortization	25,125	31,244	78,491	100,928
Interest on demand loan	--	550	427	186,423
Other income	(73,488)	--	(1,418,203)	(770,047)
Loss on disposal of equipment	--	--	--	5,896
Stock based compensation	--	--	285	94,980
Unrealized investment loss	(5,705)	--	52,205	--
Unrealized foreign exchange loss	3,287	20,458	(5,172)	37,143
	(112,077)	(58,611)	(545,534)	(406,447)
Net change in non-cash working capital				
Accounts receivable	24,675	211,911	157,435	294,016
Inventory	3,151	19,995	(14,773)	(6,234)
Prepaid and other assets	2,535	(247,778)	6,984	(204,334)
Accounts payable and accrued liabilities	77,305	(553,952)	(394,793)	(3,856,586)
Deferred revenue	--	(18,900)	5,296	6,300
	(4,411)	(647,335)	(785,385)	(4,173,285)
Investing				
Addition of investment held for sale	--	--	(55,200)	--
Additions of intangibles and equipment	(21,117)	--	(27,557)	(8,186)
	(21,117)	--	(82,757)	(8,186)
Financing				
Repayment of demand loan	--	--	(17,303)	(1,670,390)
Exercise of warrants and stock options	--	480,000	--	804,400
Issuance of new shares	--	--	--	3,292,916
	--	480,000	(17,303)	2,426,926
Net change in cash	(25,528)	(167,335)	(885,445)	(1,754,545)
Effect of exchange rate changes on cash	7,207	1,984	(12,928)	5,616
Cash, beginning of the period	66,741	1,017,646	946,793	2,601,224
Cash, end of the period	\$ 48,420	852,295	\$ 48,420	\$ 852,295

See accompanying notes

Fintech Select Ltd.

Condensed Consolidated Interim Statement of Changes in Deficit

(Presented in Canadian Dollars)

For the 9 months ended September 30, 2018

	Share Capital		Contributed Surplus	Warrant and Option Capital	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Number	Amount					
Balance, December 31, 2017	64,374,515	17,945,142	6,338,801	356,008	(218,859)	(28,666,774)	(4,245,682)
Grant of stock options	--	--	--	285	--	--	285
Other comprehensive income							
from translation of foreign entity	--	--	--	--	(18,102)	--	(18,102)
Net income	--	--	--	--	--	746,433	746,433
As at September 30, 2018	64,374,515	\$17,945,142	\$ 6,338,801	\$ 356,293	\$ (236,961)	\$(27,920,341)	\$(3,517,066)

For six months ended September 30, 2017

Balance, December 31, 2016	30,037,852	\$12,912,787	\$ 6,338,801	\$ 192,860	\$ (258,679)	\$(29,101,863)	\$(9,916,094)
Issuance of capital (net of issuance cost)	19,173,330	3,072,862	--	220,054	--	--	3,292,916
Exercise of warrants	11,300,000	1,096,862	--	(192,862)	--	--	904,000
Grant of stock options	--	--	--	94,980	--	--	94,980
Exercise of options	120,000	22,920	--	(2,520)	--	--	20,400
Other comprehensive income							
from translation of foreign entity	--	--	--	--	42,759	--	42,759
Net income	--	--	--	--	--	(61,770)	(61,770)
As at September 30, 2017	60,631,182	\$17,051,144	\$ 6,338,801	\$ 312,513	\$ (215,920)	\$(29,163,633)	\$(5,622,809)

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Fintech Select Ltd. (the "Company") is a leading provider of prepaid payment services and point-of-sale transaction processing solutions for the prepaid financial services and mobile markets. The address of the registered office of Company is 100 King St. W, Unit T201a, Chatham, ON, N7M 6A9. The Company's shares are listed on the TSX Venture Exchange under symbol FTEC.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. The facts and circumstances noted below cast significant doubt on the company's ability to continue as going concern.

During the third quarter of 2018, the company incurred a net loss from operations (third quarter of 2017 - Net loss). The company had a net outflow of cash from operations of \$4,411 (third quarter of 2017 - outflow \$647,335). The Company has a working capital deficiency of \$3,886,638 (December 31, 2017 deficit \$4,666,189). The working capital deficiency limits the Company's ability to fund capital expenditures and operations.

As of the quarter end, the Company had collateral account shortfalls which was contrary to the terms of special agreement with financial institution whereby the Company agreed that it shall maintain in designated special collateral account in designated bank amounts equivalent to the unspent card balances. As at September 30, 2018 the Company had collateral account shortfalls of approximately \$2.4 million liable to the cardholders and financial institution. These collateral shortfalls are already included in the working capital deficiency number noted above. The Company continues to work towards an agreeable resolution with the financial institution and simultaneously has been working to address the collateral shortfall.

The continuation of the Company as a going concern is dependent on raising sufficient working capital to maintain operations, reducing operating expenses, and increasing revenues and profits. In April and June 2017, the Company raised \$2,000,000 and \$1,460,000 through private placement of equity (note 7). The Company is pursuing further financing alternatives to fund its operations, to settle the shortfall noted above and continue its activities as a going concern. There is no assurance that it will be able to do so in the near future. Without enough financing the Company may be forced to cease operations.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. These adjustments could be material.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 28, 2018.

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

2. BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (IAS 34) using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2017.

Basis of presentation

These consolidated financial statements are prepared on the historical cost basis except for held for sale investments which are measured at the fair value, with changes being recognized in other comprehensive income and financial assets classified as "fair value through profit and loss", if any, which are measured at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 1382285 Ontario Limited ("SelectComm"), 2143436 Ontario Limited ("SelectCore Comm"), Local Fone Service, Inc. ("LFS"), SelectCore USA, LLC ("SelectCore US") and 2314606 Ontario Limited ("SelectCore Financial Services").

Subsidiaries are all entities over which the Company has the power, is exposed, or has rights, to variable returns from its involvement and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Inter-Company transactions, balances and unrealized gains or losses between subsidiaries are eliminated in preparing the consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the reporting company using consistent accounting policies.

Functional and presentational currency

Unless otherwise noted, all amounts in the accompanying consolidated financial statements and these notes are presented in Canadian funds, which is the functional currency of the Company.

3. RESTRICTED CASH

It represents cash balances in designated special collateral account in designated bank under the terms of the special agreements with financial institutions as further explained in Note 1. Withdrawals from the accounts can only be made with the approval of the financial institutions.

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

Activity during the period ended September 30, 2018 is as follows:

Cost	Terminals	Electronic Equipment	Office Furniture & Fixtures	Totals
Balance January 1, 2018	954,264	657,864	164,143	1,776,271
Additions	-	7,740	19,817	27,557
Balance September 30, 2018	954,264	665,604	183,960	1,803,828
Accumulated Depreciation				
Balance January 1, 2018	893,940	537,807	138,612	1,570,359
Depreciation for the period	12,292	17,752	4,740	34,784
Balance September 30, 2018	906,232	555,559	143,352	1,605,143
Net Book Value	48,032	110,045	40,608	198,685

Activity during the period ended September 30, 2017 is as follows:

Cost	Terminals	Electronic Equipment	Office Furniture & Fixtures	Totals
Balance January 1, 2017	954,264	793,472	185,678	1,933,414
Additions	-	1,957	6,229	8,186
Disposal	-	(137,565)	(30,428)	(167,993)
Balance Sep 30, 2017	954,264	657,864	161,479	1,773,607
Accumulated Depreciation				
Balance January 1, 2017	872,525	644,467	161,486	1,678,478
Depreciation for the period	16,655	20,786	4,265	-
Disposal	-	(133,658)	(28,437)	(162,095)
Balance Sep 30, 2017	889,180	531,595	137,314	1,558,089
Net Book Value	65,084	126,269	24,165	215,518

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

5. INTANGIBLES

Cost	Computer Software	
	30-Sep-18	31-Dec-17
Balance January 1,	\$ 1,299,117	\$ 1,302,795
Additions	-	-
Disposal	-	(3,678)
Balance end of period	\$ 1,299,117	\$ 1,299,117
Accumulated Depreciation		
Balance January 1,	\$ 1,084,525	\$ 1,012,058
Amortization for the period	43,705	72,467
Balance end of period	\$ 1,128,230	\$ 1,084,525
Net Book Value end of period	\$ 170,887	\$ 214,592

6. DEMAND LOAN

	September 30, 2018	December 31, 2017
Demand loan	\$ --	\$ 16,876

The demand loan had been fully paid in April 2018.

7. SHARE CAPITAL

Authorized: Unlimited common shares

Issued and fully paid:

	September 30, 2018		December 31, 2017	
	Number	Amount	Number	Amount
Ordinary Shares	64,374,515	\$ 17,945,142	64,374,515	\$ 17,945,142
Total	64,374,515	\$ 17,945,142	64,374,515	\$ 17,945,142

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

8. STOCK OPTIONS

The Board of Directors has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non transferable options to purchase shares to directors, officers and technical consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of outstanding shares. Furthermore, the aggregate number of shares to be issued upon exercise of the options granted there under to any one director or officer shall not exceed 5% of the issued and outstanding shares and the number of shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding shares. Options shall expire no later than five years after the date of grant. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The exercise price of options granted pursuant to the Plan shall be set by the Board of Directors and shall not be less than the applicable discount permitted by the TSX-V or such other stock market on which the shares are then traded. The options issued under the plan vest according to the provisions determined by the Board at the time of grant.

On April 3, 2017, the Company granted 3,380,000 incentive stock options each giving the holder the right to acquire one common share to various officers, directors, employees and consultants. The options are exercisable at \$0.17 per option for a period of three years from the date of grant, vesting immediately. 120,000 stock options were exercised during the year ended December 31, 2017.

On June 26, 2017, the Company granted 2,000,000 incentive stock options each giving the holder the right to acquire one common share to directors and consultants. The options are exercisable at \$0.30 per option for a period of three years from the date of grant, vesting immediately. 250,000 stock options were exercised during the year ended December 31, 2017.

On April 12, 2018, the Company granted 1,425,000 incentive stock options each giving the holder the right to acquire one common share to certain of its consultants, directors and officers. The options are exercisable at \$0.30 per option for a period of three years from the date of grant, vesting immediately. None of these options was exercised yet.

The Company had following options outstanding at September 30, 2018

	Number of options	Weighted average exercise price	Remaining life (Years)
Granted in April, 2017	3,260,000	\$0.17	1.5
Granted in June, 2017	1,750,000	0.30	1.8
Granted in April, 2018	1,425,000	0.30	2.5
Balance, September 30, 2018	6,435,000	\$0.23	1.8

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
02-Apr-20	3,380,000	\$0.17	\$ 85,916

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	20%
Risk free interest rate	0.82%
Expected life	3

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
25-Jun-20	2,000,000	\$0.30	\$ 34,605

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	18%
Risk free interest rate	1.04%
Expected life	3

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
11-Apr-21	1,425,000	\$0.30	\$ 285

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2018
Expected dividend yield	0.00%
Expected volatility	15%
Risk free interest rate	1.20%
Expected life	3

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

9. WARRANTS

The Company had following warrants outstanding at September 30, 2018.

	Number of warrants	Weighted average exercise price	Remaining life (Years)
Balance, January 1, 2017	11,300,000	\$0.08	1.5
Granted, private placements	19,173,330	0.25	-
Exercised	14,793,333	0.11	-
Expired or cancelled	-	-	-
Balance, December 31, 2017	15,679,997	\$0.25	2.5
Granted, private placements	-	-	-
Exercised	-	-	-
Balance, September 30, 2018	15,679,997	\$0.25	1.8

	Date of Expiry	Number of Warrants	Exercise Price	Grant Date Fair Value of Warrants
	12-Apr-20	13,333,330	\$0.20	\$225,216

The warrants granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	18%
Risk free interest rate	0.82%
Expected life	3

On April 13, 2017, the company issued 13,333,330 common shares in a private placement at a price of \$0.15 per share for gross proceeds of \$2,000,000. In addition, for each issued common share, the company issued one (1) warrant exercisable into one (1) common share expiring in 36 months which, if exercised, will lead to proceeds per Warrant of \$0.20. The issued common shares and warrants are subject to a hold period expired on August 13, 2017.

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

	Date of Expiry	Number of Warrants	Exercise Price	Grant Date Fair Value of Warrants
	11-Jun-20	5,840,000	\$0.35	\$74,718
The warrants granted were valued using the Black-Scholes option pricing model with the following assumptions.				
				2017
Expected dividend yield				0.00%
Expected volatility				20%
Risk free interest rate				0.88%
Expected life				3

On June 12, 2017, the company issued 5,840,000 common shares in a private placement at a price of \$0.25 per share for gross proceeds of \$1,460,000. In addition, for each issued common share, the company issued one (1) warrant exercisable into one (1) common share expiring in 36 months which, if exercised, will lead to proceeds per Warrant of \$0.35. The issued common shares and warrants are subject to a hold period expired on October 11, 2017.

Upon expiry of the warrants, the related outstanding balance in warrant capital will be transferred to contributed surplus.

There was no warrant granted or exercised during the six months ended September 30, 2018.

10. COMMITMENTS

The Company has net lease commitments for premises and equipment requiring the following minimum annual payments:

Within 1 year	\$	170,886
2 to 6 years		444,606
	\$	615,492

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

11. SEGMENT INFORMATION

The Company operates primarily in three industry segment, its distribution division, which sells prepaid wireless airtime, its call center division and its Financial Services division provides prepaid credit card services.

	Distribution		Call Center		Financial and Payment Services		Corporate		Total	
\$ Millions	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	0.35	0.80	1.79	1.10	0.25	1.03	--	--	2.39	2.93
Assets	0.28	0.15	0.26	0.41	0.23	1.11	0.04	0.29	0.81	1.96
Net Profit/(Loss)	(0.30)	(0.18)	0.40	--	1.10	0.26	(0.45)	(0.14)	0.75	(0.06)

12. OTHER INCOME

Other income represents gain on settlements of certain accounts payables (2018) and forgiveness of loan interests (2017).

13. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, warrant reserve, contributed surplus accumulated other comprehensive income in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its growth activities, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and or debt financing. See note 1.

The Company's overall capital management strategy during the period ended September 30, 2018 and 2017 has been to raise share capital, reach settlement with creditors, shut down money-losing businesses, and expand profitable lines of business.

14. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the accounting and finance department under policies approved by the Board of Directors. This department identifies and evaluates financial risks in close cooperation with management. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

(a) Market Risk

(i) Currency Risk

The Company operates primarily in Canada and has a subsidiary in USA which had ceased operation. The Company has exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sales transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing its foreign exchange is to maintain Canadian cash on hand to support Canadian forecasted cash flows over a 12 month horizon. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held. Balances denominated in USD at September 30, 2018 and 2017 are as follows:

	2018	2017
Cash	\$ (3,878)	\$ 129,728
Accounts receivable and other receivables	103,872	99,712
Accounts payable and accrued liabilities	(85,927)	(1,150,577)
Total net receivable (liability)	\$ 14,067	\$ (921,137)

Fluctuations in the Canadian dollar exchange rate have an impact on the Company's results from operations. They can impair the ability of the Company to pay its foreign currency-denominated expenses.

Fluctuation of the U.S. dollar relative to the Canadian dollar of 5% would impact net loss by approximately \$703 at September 30, 2018 (2017 impact net loss \$46,057).

(ii) Interest rate risk:

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

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

The Company's demand loan has fixed interest rates. Fluctuations in market rates of interest would not change the Company's interest expense.

(b) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk of the Company at period-end is the carrying value of its cash and accounts receivables.

The Company manages credit risk by maintaining bank accounts with Schedule 1 banks in Canada.

The Company does not require collateral or other security for accounts receivable or amounts due from related parties. The Company estimates its provision for uncollectable amounts based on analysis of the specific amount and debtor's payment history and prospects. Accounts receivable are stated net of an allowance for doubtful accounts of \$45,466.

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

FINANCIAL RISK MANAGEMENT (Cont'd)

Top three customers represent 56% of accounts receivable at September 30, 2018 (2017 - three customers represented 63%). As at November 27, 2018, 68% (2017 - 56%) of the balance was collected. As at September 30, 2018, approximately \$73,207 (2017 - \$243,287) of the Company's receivable were past due the average credit period of 60 days of which approximately \$45,466 (2017 - \$129,341) have been allowed for as doubtful debts.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at September 30, 2018, the Company has accounts payable and accrued liabilities of \$4,213,823 due within 12 months (December 31, 2017 - \$6,043,694), cash of \$48,420 (December 31, 2017 - \$946,793), receivables of \$168,278 (December 31, 2017 - \$325,713) and investment held for sale of \$107,247 (December 31, 2017 - \$104,252) to meet its current obligations. As a result the Company has liquidity risk.

(d) Economic Dependence

One customer represents 65% of the Company's revenue in the current quarter (2017 - Three customers, each accounting for more than 5% of total revenues, represented 53% of total revenues).

The Company depends on large telecommunications carriers to provide certain products and services. If these carriers were unwilling or unable to provide such products and services in the future, the Company's ability to provide products and services to its customers may be adversely affected and the Company might not be able to obtain similar services from alternative carriers on a timely basis or on terms favorable to the Company.

(e) Fair value

The estimated fair values of accounts receivable, accounts payable, accrued liabilities and demand loans debt approximates their carrying values due to the relatively short term nature of the instruments. The fair value of investment is based on open market price.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The following summarizes the Company's related party transactions for the three months ended September 30, 2018:

	September 30,	
	2018	2017
Accounts payable	\$ 114,739	125,074

Fintech Select Ltd.

Notes to condensed consolidated interim financial statements (Unaudited)

September 30, 2018

(Presented in Canadian Dollars)

16. KEY MANAGEMENT COMPENSATION

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Company's key management personnel include Chief Executive Officer & President, Chief Financial Officer and Vice President.

Remuneration of Directors and key management of Company was as follows:

	Three months ended September 30	
	2018	2017
Salaries and Benefits	\$ 116,375	\$ 111,941

17. CONTINGENCY

On April 20, 2017, the Company was served by a service provider with a Statement of Claim filed in the Ontario Superior Court of Justice (the "**Claim**") for the amount of \$4,000,000. The Claim relates to the shortfall of a secured cash pledge ("Secured Deposit"), as per the Special Account Agreement executed between the Company and the service provider. All liabilities in regards to the service provider have been recorded in the financial statements as at September 30, 2018. The Company has been working on settling this claim. The company does not expect that any additional loss will be incurred.