

**FINTECH SELECT LTD.
(Formerly Selectcore Ltd.)**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

FINTECH SELECT LTD.
(Formerly Selectcore Ltd.)
DECEMBER 31, 2017
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Fintech Select Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fintech Select Ltd and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of operations and comprehensive loss, statement of changes in deficit and statement of cash flows 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 Fintech Select Ltd and its subsidiaries as at December 31, 2017, and their financial performance and 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Fintech Select Ltd 's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2016 were audited by another auditor who expressed an unqualified opinion with an emphasis of matter paragraph indicating the existence of a material uncertainty that may cast significant doubt about Fintech Select Ltd's ability to continue as a going concern



Fareed Sheik & Co.
Chartered Professional Accountants
Mississauga, Ontario, Canada
Date: April 28, 2018

Fintech Select Ltd.
(Formerly Selectcore Ltd.)
Consolidated Statements of Financial Position
(Presented in Canadian Dollars)
As at December 31, 2017 and 2016

	Note	2017	2016
ASSETS			
CURRENT			
Cash – non-restricted		\$ 915,934	\$ 37,024
Cash – restricted	4	30,859	2,564,200
Accounts receivable	16	325,713	557,662
Investment held for sale		104,252	--
Inventory		28,418	102,119
Prepaid and other assets		79,220	83,443
		1,484,396	3,344,448
LONG TERM			
Property and equipment	5	205,915	254,935
Intangibles	6	214,592	290,737
		420,507	545,672
		\$ 1,904,903	\$ 3,890,120
LIABILITIES & SHAREHOLDERS' DEFICIT			
CURRENT			
Accounts payable and accrued liabilities	13	\$ 6,026,818	\$ 11,183,985
Deferred revenue		71,691	115,082
Demand loan	7, 13	16,876	2,467,947
Customer deposits		35,200	39,200
		6,150,585	13,806,214
SHAREHOLDERS' DEFICIT			
Share capital	8	17,945,142	12,912,787
Contributed and other surplus		6,338,801	6,338,801
Warrant capital	9, 10	356,008	192,860
Other comprehensive loss		(218,859)	(258,679)
Deficit		(28,666,774)	(29,101,863)
		(4,245,682)	(9,916,094)
		\$ 1,904,903	\$ 3,890,120

Nature of Operations and Going concern (see Note 1)

Approved by the Board

Andre Itwaru
Director (Signed)

Mohammad Abuleil
Director (Signed)

See accompanying notes

Fintech Select Ltd.

(Formerly Selectcore Ltd.)

Consolidated Statements of Operations and Comprehensive Income

(Presented in Canadian Dollars)

For the years ended December 31, 2017 and 2016

	Note	2017	2016
REVENUE		\$ 3,594,449	\$ 5,806,660
EXPENSES			
Goods and services purchased		1,472,303	2,125,736
Salaries and benefits	17	1,831,506	1,893,740
Other general and administrative		1,211,499	1,930,244
Stock based compensation		120,521	--
Foreign exchange loss (gain)		(26,478)	30,950
Amortization	5,6	130,119	196,549
Loss on disposal of equipment		5,896	--
Unrealized investment loss		27,748	--
Interest on demand loan	7	175,506	791,539
Net loss from operations		(1,354,171)	(1,162,098)
Other income	13	1,789,260	2,133,463
Net income		435,089	971,365
Exchange difference on translating foreign operations		39,820	20,374
Comprehensive income		474,909	991,739
Earnings per share			
Basic	19	\$ 0.009	\$ 0.033
Diluted	19	\$ 0.008	\$ 0.033
Weighted Average number of shares outstanding			
Basic	19	49,885,824	30,037,852
Diluted	19	56,666,934	30,037,852

See accompanying notes

Fintech Select Ltd.

(Formerly Selectcore Ltd.)

Consolidated Statements of Cash Flow

(Presented in Canadian Dollars)

For the years ended December 31, 2017 and 2016

	Note	2017	2016
Cash provided by (used in)			
Operations			
Net income	\$	435,089	\$ 971,365
Items not affecting cash			
Amortization		130,119	196,549
Loss on disposal of equipment		5,896	--
Gain on settlement of accounts payable		(1,789,260)	--
Interest on demand loan		175,506	791,539
Stock based compensation		120,521	--
Unrealized foreign exchange loss (gain)		34,468	22,205
Unrealized investment loss		27,748	
		(859,913)	1,981,658
Net change in non-cash working capital			
Accounts receivable		231,949	908,345
Inventory		73,701	89,477
Prepaid and other assets		4,223	22,665
Accounts payable and accrued liabilities		(4,137,956)	(89,744)
Deferred revenue		(43,392)	(72,744)
Customer deposits		(4,000)	(249)
		(4,735,388)	2,839,408
Investing			
Additions of property and equipment		(10,850)	(54,583)
Addition of investment held for sale		(132,000)	--
		(142,850)	(54,583)
Financing			
Addition of demand loan		--	564,446
Repayment of demand loan		(1,856,530)	(2,021,228)
Issuance of shares		3,292,916	--
Exercise of warrants and options		1,782,067	--
		3,218,453	(1,456,782)
Net change in cash		(1,659,785)	1,328,043
Effect of exchange rate changes on cash		5,354	(1,835)
Cash, beginning of year	4	2,601,224	1,275,016
Cash, end of year	4	\$ 946,793	\$ 2,601,224

See accompanying notes

Fintech Select Ltd.

(Formerly Selectcore Ltd.)

Consolidated Statement of Changes in Shareholders' Deficit

(Presented in Canadian Dollars)

For the year ended December 31, 2017 and 2016

	Share Capital		Contributed Surplus	Options and Warrant Capital	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Number	Amount					
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	2,992,981	--	299,935	--	--	3,292,916
Exercise of warrants	14,793,333	1,936,238	--	(249,572)	--	--	1,686,666
Grant of stock options	--	--	--	120,521	--	--	120,521
Exercise of options	370,000	103,136	--	(7,736)	--	--	95,400
Other comprehensive income from translation of foreign entity	--	--	--	--	39,820	--	39,820
Net income	--	--	--	--	--	435,089	431,930
As at December 31, 2017	64,374,515	17,945,142	6,338,801	356,008	(218,859)	(28,666,774)	(4,245,682)
For the year ended December 31, 2016							
Balance, December 31, 2015	30,037,852	\$12,912,787	\$ 6,338,801	\$ 192,860	\$(279,053)	\$(30,073,228)	\$(10,907,833)
Other comprehensive income from translation of foreign entity	--	--	--	--	20,374	--	20,374
Net income	--	--	--	--	--	971,365	971,365
As at December 31, 2016	30,037,852	\$12,912,787	\$ 6,338,801	\$ 192,860	\$ (258,679)	\$(29,101,863)	\$(9,916,094)

FINTECH SELECT LTD.
(Formerly Selectcore Ltd.)
Notes to consolidated financial statements
December 31, 2017 and 2016
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Fintech Select Ltd. (formerly SelectCore 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 14 William St N, Chatham, ON, N7M 4L1. The Company's shares are listed on the TSX Venture Exchange under symbol FTEC (formerly SCG). On August 10, 2017, the Company changed its name to Fintech Select Ltd.

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 year, the company incurred a net loss from operations (2016- Net loss). The company had a net outflow of cash from operations of \$4,735,388 (2016 - inflow \$2,839,408). The Company has a working capital deficiency of \$ 4,666,189 (2016 deficit \$10,461,766). The working capital deficiency limits the Company's ability to fund capital expenditures and operations.

As of the year end, the Company had collateral account shortfalls which was contrary to the terms of special agreements with financial institutions whereby the Company agreed that it shall maintain in designated special collateral accounts in designated banks amounts equivalent to the unspent card balances. As at December 31, 2017 the Company had collateral account shortfalls of approximately \$4.1 million liable to the cardholders and all financial institutions. 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 institutions 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. Management continues to review and implement cost cutting measures including but not limited to a reduction of staff and salaries, streamlining operations, reduction of research and development costs and a reduction in capital expenditures. 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 consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2018.

FINTECH SELECT LTD.
(Formerly Selectcore Ltd.)
Notes to consolidated financial statements
December 31, 2017 and 2016
(Presented in Canadian Dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been consistently prepared in accordance 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").

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory comprises primarily of vouchers and point of sale activated Personal Identification Number ("Pins"), representing wireless prepaid airtime, which are valued at the lower of cost and net realizable value, with cost determined on a First-in First-out basis.

The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. Reversals of previous inventory write downs are recognized in the period in which the reversals occur.

FINTECH SELECT LTD.
(Formerly Selectcore Ltd.)
Notes to consolidated financial statements
December 31, 2017 and 2016
(Presented in Canadian Dollars)

Property and Equipment

All property and equipment are stated at historical cost less amortization and impairment losses, if any. Property and equipment are amortized over their estimated useful lives as follows:

Terminals	-	30% declining balance basis
Electronic equipment	-	20-30% declining balance basis
Office furniture and fixtures	-	20% declining balance basis
Leasehold improvements	-	straight-line over the term of the lease

The assets' residual values, amortization methods and useful lives are reviewed and adjusted if appropriate at each reporting date.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Intangibles

Intangible assets comprise computer software. Computer software is recorded at cost and amortized on a 30% declining balance basis. Costs associated with maintaining computer software are recognized as an expense in the period incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use the software product;
- It can be demonstrated that the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the software product; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Completed computer software costs are recognized as assets and amortized over their useful lives.

The amortization methods and estimated useful lives of intangible assets are reviewed annually.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Long-lived Assets

The carrying amount of Company's non-current assets, which includes property and equipment and intangible assets with finite useful lives are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is charged to profit or loss whenever the carrying amount of an asset (or its cash generating unit) exceeds its recoverable amount. An asset's recoverable amount is greater of its fair value less costs to sell and its value-in-use (calculated as the present value of expected future cash flows). Impairment losses are charged to profit or loss but may be reversed (other than goodwill) if there has been a change in the estimates used to determine the recoverable amount.

Share Issuance Costs

Professional, consulting, regulatory fees and other costs that are directly attributable to the issuance of shares are charged to share capital when the related shares are issued net of any tax effects. Transaction costs of abandoned equity transactions are recognized in the statement of income and comprehensive loss.

Revenue Recognition

The Company recognizes revenue at the time persuasive evidence of an agreement exists, the price is fixed and determinable, the delivery has occurred and collectability is reasonably assured.

In addition, the Company applies the following specific revenue recognition policies:

- (a) Revenue for prepaid financial services is generated from multiple sources including transaction fees, cardholder fees and interchange fees and is recognized on the transaction date.
- (b) The Company's revenues are partly generated from delivering point of sale activated prepaid mobile top-up pins and vouchers. Sales of these pins and vouchers under third party brands, where the price to the consumer is fixed or determinable and collection is reasonably assured, are recognized at the date of sale to the customer. Sales of vouchers which allow for the purchase of Pins at a later date are recognized when the pins are delivered. Any payment for vouchers received in advance of delivery is recorded as deferred revenue.
- (c) Fees and service revenues include transaction, service and fees for processing transactions at the point of sale, including prepaid mobile top-up Pins, are included in contractual arrangements with customers and revenue is recognized accordingly.
- (d) Revenue from subscriber services, such as local lines, is recognized when the customer receives the service. Any payment received in advance of providing services is recorded as deferred revenue.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Stock-Based Compensation

The Company applies a fair value based method of accounting for stock-based compensation.

Stock-based compensation is charged to operations as an employee or consultant expense over the vesting period and the offset is credited to warrants capital. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Awards with graded vesting are valued and recognized as compensation cost based on the respective vesting tranche. The amount of compensation cost recognized is adjusted to reflect the number of awards expected to vest based on continued employment vesting conditions, such that the amount ultimately recognized as compensation cost is based on the number of awards that vest.

Consideration received upon the exercise of stock options is credited to share capital and the related warrants capital amount is transferred to share capital.

The fair value of stock options is determined by the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the option issued. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be reliably measured, they are measured at fair value of the equity instruments issued. Otherwise, such stock-based compensation is measured at the fair value of goods or services received.

Warrants

For transactions involving the issuance of warrants, the company measures these transactions at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the company measures these transactions by reference to the fair value of the equity instruments granted. In the case of unit placements, the proceeds from the issuance of units is allocated between common shares and warrants on pro-rata basis based on relative fair values. Share issuance costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

(a) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contingencies

(a) Contingent assets

Contingent assets are not recognized in the financial statements but they are disclosed by way of note disclosure if they are deemed probable.

(b) Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or a present obligation from past event where: an outflow of resources is not probable, or amount of obligation cannot be reliably measured. Contingent liabilities are not recognized, but are disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of economic resources is considered remote.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation of monetary asset and liabilities not denominated in the functional currency are recognized in the statement of operations and comprehensive loss.

Assets and liabilities of subsidiaries with functional currencies other than Canadian dollars are translated to Canadian dollars at the period end rates of exchange, and their earnings and expense accounts and cash flow statement items are translated at average rates of exchange for the period. The resulting translation adjustments are included in other comprehensive loss in shareholders' deficiency.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive loss.

On disposal of part or all of the operations, the proportionate share of the related cumulative gains and losses previously recognized in the equity are included in determining the profit or loss on disposal of that operation recognized in the profit or loss.

Earnings (loss) per share

Basic net income or loss per common share is calculated by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted net income or loss per common share is calculated by dividing the applicable net income or loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. The dilutive effect of outstanding stock options and warrants on earnings per share is calculated by determining the proceeds for the exercise of such securities which are then assumed to be used to purchase common shares of the Company.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial assets are initially recognized at fair value and classified as either financial asset at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial asset, as appropriate. The Company determines the classification of its financial assets at initial recognition. Where, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, the investment is reclassified into the available-for-sale category. All financial liabilities are initially recognized at their fair value and designated upon inception as financial liabilities measured at fair value through profit or loss or other financial liabilities.

Transaction costs associated with fair value through profit or loss financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and other financial liabilities are included in the initial carrying amount of the asset or the liability.

(a) Financial Assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Gains and losses arising from changes in fair value are presented in the statement of operations in the period in which they arise.

The Company's cash and investment held for sale (consisting of bitcoins) are classified as fair value through profit or loss.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost, less any impairment losses. Accounts receivable and amounts due from related parties are classified as loans and receivables.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Available-for-sale financial assets are initially measured at fair value plus transaction costs and are subsequently carried at fair value except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. When an available-for-sale asset is sold or impaired, the accumulated gains or losses are transferred from other comprehensive loss to the statement of operations.

Financial liabilities

Financial liabilities classified as fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as a fair value through profit or loss financial liability.

The Company's accounts payables and accrued liabilities, and demand loans payable are classified as other financial liabilities and are measured at amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

The Company's investment held for sale is classified as Level 1 and cash classified as Level 2. Both investment and cash are recorded at fair value on the consolidated statement of financial position. Other than that, none of the Company's financial instruments is recorded at fair value on the consolidated statement of financial position. The fair values of financial instruments approximate their carrying values due to their short term to maturity.

Leases

Assets that are held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Operating lease charges as the lessee where the Company has the right to use of assets held under operating leases, payments made under the leases are recognized in profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company currently has three reportable segments, being the call centers, distribution of prepaid wireless airtime and the provision of prepaid card services.

Critical Judgements in Applying Accounting Policies

In the preparation of these consolidated financial statements management has made judgements, in addition to judgement over the going concern assumption described in note 1, aside from those that involve estimates, in the process of applying the accounting policies. These judgements can have an effect on the amounts recognized in the financial statements.

Revenue recognition

Certain revenues earned by the Company require judgement to determine if revenue should be recorded gross as a principal or net of related costs as an agent. The Company evaluates each significant contract using various criteria to determine if revenue should be recognized on a gross basis if the Company is primary obligor to its customers and bears the risk of loss of inventory in its possession. Revenue from transactions where the Company earns a fee and does not incur inventory risk is recognized on a net basis.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. While management believes that these estimates and assumptions, based on management's best knowledge of current events and actions that the Company may undertake in the future, are reasonable, actual results could differ from these estimates.

Significant estimates and assumptions include those related to the determining the value in use for impairment test, valuation of investments, valuation of share based payments, the useful lives of property and equipment for amortization purposes, allowance for doubtful accounts, and the fair values of financial assets.

These estimates have been applied in a manner consistent with that in prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the assumptions utilized in these consolidated financial statements. The estimates are impacted by many factors, some of which are highly uncertain.

Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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 assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact on the Company is immaterial.

IFRS 15 – Revenue from Contracts with Customers. Effective January 1, 2018, we will adopt IFRS 15. Our first quarter 2018 interim financial statements will be our first financial statements issued in accordance with IFRS 15. IFRS 15 supersedes current accounting standards for revenue, including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: 1. identify the contract with a customer; 2. identify the performance obligations in the contract; 3. determine the transaction price; 4. allocate the transaction price to the performance obligations in the contract; and 5. recognize revenue when (or as) the entity satisfies a performance obligation. IFRS 15 also provides guidance relating to the treatment of contract acquisition and

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contract fulfillment costs. The application of this new standard will not have significant impacts on our financial statements.

IFRS 16, Leases. In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases (IAS 17) standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. We have the option to either: apply IFRS 16 with full retrospective effect; or recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. We believe that, as a result of adopting IFRS 16, we will recognize an increase to both assets and liabilities, as we will be required to record a right-of-use asset and a corresponding lease liability on our Consolidated Statements of Financial Position, as well as a decrease to operating costs, an increase to finance costs (due to accretion of the lease liability), and an increase to depreciation and amortization (due to depreciation of the right-of-use asset). We are implementing a process that will enable us to comply with the requirements of IFRS 16 on a lease-by-lease basis. We will assess the effect of this standard on our consolidated financial statements and expect to disclose the estimated financial effects of the adoption of IFRS 16 in our 2018 consolidated financial statements.

4. RESTRICTED CASH

It represents cash balances in designated special collateral accounts in designated banks under the terms of the special agreements with credit union/financial institution as further explained in Note 1. Withdrawals from the accounts can only be made with the approval of the credit union/financial institution.

5. PROPERTY AND EQUIPMENT

Activity during the year ended December 31, 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	8,893	10,850
Disposal	-	(137,565)	(30,428)	(167,993)
Balance December 31, 2017	954,264	657,864	164,143	1,776,271
Accumulated Depreciation				
Balance January 1, 2017	872,524	644,467	161,487	1,678,478
Depreciation for the period	21,416	26,997	5,560	53,973
Disposal	-	(133,658)	(28,437)	(162,095)
Balance December 31, 2017	893,940	537,806	138,610	1,570,356
Net Book Value	60,324	120,058	25,533	205,915

PROPERTY AND EQUIPMENT (Cont'd)

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Activity during the year ended December 31, 2016 is as follows:

Cost	Terminals	Electronic Equipment	Office Furniture & Fixtures	Leasehold Improvements	Totals
Balance January 1, 2016	\$ 954,264	\$ 792,945	\$ 185,678	\$ 57,197	\$ 1,990,084
Additions	-	527	-	-	527
Balance Dec 31, 2016	\$ 954,264	\$ 793,472	\$ 185,678	\$ 57,197	\$ 1,990,611
Accumulated Depreciation					
Balance January 1, 2016	\$ 843,506	\$ 611,217	\$ 155,788	\$ 57,197	\$ 1,667,708
Depreciation for the period	29,018	33,250	5,699	-	67,968
Balance Dec 31, 2016	\$ 872,524	\$ 644,467	\$ 161,487	\$ 57,197	\$ 1,735,676
Net Book Value	\$ 81,740	\$ 149,005	\$ 24,191	\$ -	\$ 254,935

6. INTANGIBLES

Cost	Computer Software	
	31-Dec-17	31-Dec-16
Balance January 1,	\$ 1,302,795	\$ 1,248,739
Additions	-	54,056
Disposal	(3,678)	-
Balance end of period	\$ 1,299,117	\$ 1,302,795
Accumulated Depreciation		
Balance January 1,	\$ 1,012,058	\$ 883,477
Amortization for the period	72,467	128,581
Balance end of period	\$ 1,084,525	\$ 1,012,058
Net Book Value end of period	\$ 214,592	\$ 290,737

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7. Demand Loan

	2017	2016
Balance as at January 1,	\$ 2,467,947	\$ 2,467,947
Repayment	(1,856,530)	(2,021,228)
Addition	--	564,446
Interest	175,506	791,539
Interest waived	(770,047)	--
Balance as at December 31,	\$ 16,876	\$ 2,467,947

This loan bears an interest rate of 24% per annum, plus management and maintenance fees in the amount of 0.25% per month of the outstanding principal obligations. On April 1, 2017, the interest rate was reduced to 12% per annum. On May 16, the senior lender waived \$770,047 interest and reduced the interest rate to 6% per annum plus 2% administration fee.

The maturity date of this loan is January 31, 2018. It was secured by a promissory note and a general security agreement, covering all of the assets of the Company.

The remaining balance has been fully paid subsequent to the year end in April 2018.

8. SHARE CAPITAL

Authorized: Unlimited common shares

Issued and fully paid:

	2017		2016	
	Number	Amount	Number	Amount
Common Shares	64,374,515	17,945,142	30,037,852	\$ 12,912,787
Total	64,374,515	17,945,142	30,037,852	\$ 12,912,787

On April 13, 2017, the Company completed a private placement. The Company issued 13,333,330 units at a price of \$0.15 per unit and raised aggregate proceeds of \$2,000,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.20 for a period of three years.

On June 12, 2017, the Company completed a private placement. The Company issued 5,840,000 units at a price of \$0.25 per unit and raised aggregate proceeds of \$1,460,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.35 for a period of three years.

The issue costs of the two private placements of \$167,084 has been deducted from share capital.

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9. 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 commons 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.

The Company had following options outstanding and exercisable at December 31, 2017 (2016: None):

	Number of options	Weighted average exercise price	Remaining life (Years)
Balance, January 1, 2017	-	-	-
Granted in April	3,380,000	\$0.17	2.5
Granted in June	2,000,000	0.30	2.5
Exercised	370,000	0.26	
Expired or cancelled	-	-	-
Balance, December 31, 2017	5,010,000	\$0.22	2.5

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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

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10. WARRANTS

The Company had the following warrants outstanding and exercisable at December 31, 2017 and 2016.

		Number of warrants	Weighted average exercise price	Remaining life (Years)
Balance, January 1, 2016		11,300,000	\$0.08	1.5
Granted, private placements		-	-	-
Exercised		-	-	-
Expired or cancelled		-	-	-
Balance, December 31, 2016		11,300,000	\$0.08	0.5
Granted, private placements		19,173,330	0.25	
Exercised		14,793,333	0.11	
Balance, December 31, 2017		15,679,997	\$0.25	2.5

On July 17, 2015, the company issued 11,300,000 common shares in a private placement at a price of \$0.05 per share for gross proceeds of \$565,000. In addition, for each issued common share, the company issued one (1) warrant exercisable into one (1) common share expiring in 24 months which, if exercised, will lead to proceeds per Warrant of \$0.08. All these warrants had been exercised.

	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.

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WARRANTS (Cont'd)

	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.

11. SEGMENT INFORMATION

Although the Company has revenue from US customers, it operates solely in Canada.

The Company operates primarily in three industry segments based on the nature of the product/service, its distribution division, which sells prepaid wireless airtime, its call center and its Financial Services division which provides prepaid debit card services.

	Distribution		Call Center		Financial and Payment Services		Corporate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
\$ Millions										
Revenue	0.99	1.48	1.53	1.34	1.07	2.99	--	--	3.59	5.81
Assets	0.33	0.26	0.73	0.29	0.75	3.29	0.09	0.05	1.90	3.89
Net Profit/(Loss)	0.51	1.73	0.02	(0.15)	0.16	0.92	(0.25)	(1.53)	0.44	0.97

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12. COMMITMENTS

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

Within 1 year	\$	140,650
2 to 6 years		41,303
		<hr/>
		\$ 181,953

13. OTHER INCOME

Other income includes forgiveness of demand loan interest of \$770,047, gain on settlements of certain accounts payable of \$1,019,213.

14. CAPITAL 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 December 31, 2017 and 2016 has been to raise share capital, reach settlement with creditors, shut down money-losing businesses, and expand profitable call center business.

15. 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.

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FINANCIAL RISK MANAGEMENT (Cont'd)

(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 currency of cash held.

Balances denominated in USD at December 31, 2017 and 2016 are as follows:

	2017	2016
Cash	\$ 406,707	\$ 39,049
Accounts receivable and other receivables	110,021	25,795
Accounts payable and accrued liabilities	(91,101)	(919,886)
Total net asset (liability)	\$ 425,637	\$(855,042)

Fluctuations in the Canadian dollar exchange rate have an impact on the Company's results from operations.

Fluctuation of the U.S. dollar relative to the Canadian dollar of 5% would impact net income by approximately \$ 21,282 at December 31, 2017 (2016 impact net income - \$42,752).

(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 and is not exposed to interest rate risk.

(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.

FINANCIAL RISK MANAGEMENT (Cont'd)

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 \$45,491 (2016 \$189,726).

Top three customers represent 70% of accounts receivable at December 31, 2017 (2016 - three customers represented 55%). As at April 27, 2018, 59% (2016 – 73%) of the accounts receivable balance was collected. As at December 31, 2017, approximately \$162,793(2016 –\$260,335) of the Company's receivable were 60 days past due of which approximately \$45,491 (2016- \$189,726) 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 December 31, 2017, the Company has accounts payable and accrued liabilities and demand loans of \$6,043,694 due within 12 months (2016 - \$13,651,932), cash of \$ 946,793 (2016 - \$2,601,224), receivables of \$ 325,713 (2016 - \$557,662) and investment held for sale of \$104,252 to meet its current obligations. As a result the Company has significant liquidity risk (see note 1 for further details).

(d) Economic Dependence

One customer accounting for more than 10% of total revenues, represent 31% of the Company's revenue in the current year (2016 - two customers, each accounting for more than 10% of total revenues, represented 39%).

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 relatively short term nature of the instruments. The fair value of investment is based on open market price.

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16. RELATED PARTY TRANSACTIONS AND BALANCES

The following summarizes the Company's outstanding balances with related parties:

	2017	2016
Accounts payable	\$ 28,299	339,447

The balances are non-secured and without interest or payment terms. They mainly represents compensations due to directors for services provided.

17. 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. Company's key management personnel include the board of directors, Chief Executive Officer & President, Chief Financial Officer and Vice President Business Operations and IT Development.

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

	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Salaries and Benefits	\$ 337,166	\$ 270,994
Total	\$ 337,166	\$ 270,994

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18. INCOME TAXES

(a) Income tax expense

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

	2017	2016
Income before income taxes	\$435,089	\$971,365
Statutory rate	26.50%	26.50%
Expected income tax expense (recovery)	115,298	257,412
Effect on income taxes of unrecognized deferred income tax asset relating to deductible temporary differences on:		
Change in unrecognized deferred tax asset and rates	(115,298)	(257,412)
Non-deductible expenses	-	-
Income tax expense	-	-

(b) Deferred income taxes

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

	2017	2016
Amounts related to tax loss and credits carry forwards	\$5,842,387	\$5,919,875
Property and equipment and intangible assets	432,755	470,942
Deferred tax asset, not recognized	6,275,142	6,390,817

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(c) Loss and tax credits carry forwards

As at December 31, 2017, the company has non-capital losses expiring as follows:

2027	\$ 247,366
2028	1,561,366
2029	444,439
2030	675,981
2031	490,688
2032	6,881,881
2033	4,019,146
2034	1,844,278
2035	2,287,916
2036	1,538,556
2037	372,409
	\$20,364,026

The potential tax benefit relating to the non-capital losses and tax credit carry forwards has not been reflected in these financial statements.

19. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

	2017	2016
Basic earnings available to common shareholders	\$ 435,089	\$ 971,365
Weighted average number of common shares outstanding, basic	49,885,824	30,037,852
Basic earnings per share	\$ 0.009	\$ 0.033
Weighted average number of common shares outstanding	49,885,824	30,037,852
Assumed exercise of outstanding dilutive options and warrants	20,689,997	11,300,000
Shares repurchased from proceeds of assumed exercise of options and warrants	(13,908,887)	(60,266,667)
Weighted average number of common shares outstanding, diluted	56,666,934	(18,928,815)
Basic and diluted earnings per share	\$ 0.008	\$ 0.033

20. 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 December 31, 2017. The Company has been working on settling this claim. The company does not expect that any additional loss will be incurred.

21. SUBSEQUENT EVENTS

On September 28, 2017, the Company was served by a service provider with a Statement of Claim pursuant to the Simplified Rules of the ADR Institute of Canada. The claim relates to a shortfall in a funding account created pursuant to a Card Management Agreement among Fintech Select and the service provider and, in particular, minimum monthly fees. The Company has settled the claim in February 2018, and the amount of settlement has been paid out in full. The service provider discontinued its claim against the Company.

In April 2018, the demand loan has been fully repaid (Note 7).