

Condensed Interim Financial  
Statements of:  
**ITOK Capital Corp.**

Period ended  
June 30, 2019 and 2018

(Unaudited)

## **NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these interim financial statements.

**ITOK Capital Corp.**  
**Condensed Interim Financial Statements**  
**June 30, 2019**

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**ITOK Capital Corp.**  
**Condensed Interim Statement of Financial Position**  
(Expressed in Canadian dollars)  
(Unaudited)

As at	Note	June 30, 2019	December 31, 2018 (audited)
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	4	\$ -	\$ -
<b>Total assets</b>		<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	4	\$ 273,682	\$ 254,668
Loan payable – current portion	5	90,000	90,000
		363,682	344,668
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	6	\$ 292,991	\$ 292,991
Other capital reserves		65,074	65,074
Retained deficit		(721,747)	(702,733)
		(363,682)	(344,668)
<b>Total liabilities and equity</b>		<b>\$ -</b>	<b>\$ -</b>

Approved on behalf of the Board:

\_\_\_\_\_ "*Charles McMillan*" (signed) \_\_\_\_\_ Director

\_\_\_\_\_ "*Muhammad Azimuddin*" (signed) \_\_\_\_\_ Director

*See accompanying notes to condensed interim financial statements.*

## **ITOK Capital Corp.**

### **Condensed Interim Statement of Changes in Shareholders' Equity**

(Expressed in Canadian dollars)

(Unaudited)

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Total Deficit</b>	<b>Shareholders' Equity</b>
<b>Balance, January 1, 2018</b>	<b>1,333,332</b>	<b>\$ 292,991</b>	<b>\$ 65,074</b>	<b>\$ (673,859)</b>	<b>\$ (315,794)</b>
Net loss for the period	-	-	-	(8,481)	(8,481)
Balance, June 30, 2018	1,333,332	\$ 292,991	\$ 65,074	\$ (682,340)	\$ (324,275)
<b>Balance, January 1, 2019</b>	<b>1,333,332</b>	<b>\$ 292,991</b>	<b>\$ 65,074</b>	<b>\$ (702,733)</b>	<b>\$ (344,668)</b>
Net loss for the period	-	-	-	(19,014)	(19,014)
<b>Balance, June 30, 2019</b>	<b>1,333,332</b>	<b>\$ 292,991</b>	<b>\$ 65,074</b>	<b>\$ (721,747)</b>	<b>\$ (363,682)</b>

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*See accompanying notes to condensed interim financial statements*

## ITOK Capital Corp.

### Condensed Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

		For the three months ended June 30,		For the six months ended June 30,	
	Note	2019	2018	2019	2018
<b>EXPENSES</b>					
General & administrative expenses	8	\$ 6,028	\$ 581	\$ 13,614	\$ 3,081
Interest expense	5	2,700	2,700	5,400	5,400
		\$ 8,728	\$ 3,281	\$ 19,014	\$ 8,481
<b>NET LOSS &amp; COMPREHENSIVE LOSS</b>		\$ (8,728)	\$ (3,281)	\$ (19,014)	\$ (8,481)
<b>Loss per share</b>					
Basic	7	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Diluted	7	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>					
Basic	7	1,000,000	1,000,000	1,000,000	1,000,000
Diluted	7	1,000,000	1,000,000	1,000,000	1,000,000

*See accompanying notes to condensed interim financial statements.*

**ITOK Capital Corp.**  
**Condensed Interim Statement of Cash Flows**  
(Expressed in Canadian dollars)  
(Unaudited)

<b>For the six months ended June 30,</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (19,014)	\$ (8,481)
Changes in non-cash working capital:		
Increase (decrease) in trade and other payables	19,014	8,481
<b>Cash flows relating to operating activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning	-	-
<b>Cash and cash equivalents, ending</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to condensed interim financial statements.*

**ITOK Capital Corp.**  
**Notes to Condensed Interim Financial Statements**  
**For the six months ended June 30, 2019 and 2018**

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**1. NATURE OF BUSINESS**

ITOK Capital Corp. (the "Corporation") was incorporated under the Business Corporations Act of Ontario on January 21, 2005 and its shares have been listed for trading on the TSX Venture Exchange (the "Exchange") on May 2, 2008. The Corporation is a Capital Pool Corporation as defined in Exchange Policy 2.4. The principal business of the Corporation is the identification and evaluation of assets or businesses, and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder and regulatory approval.

The Corporation's principal address and registered office is 730 Davis Drive, Newmarket, Ontario, L3Y 2R4

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to identify, evaluate and complete a Qualifying Transaction (as such term is defined in Exchange Policy 2.4). Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. With the consent of the Exchange, the Corporation may raise additional funds. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to identify or complete a suitable Qualifying Transaction within the permitted time prescribed by Exchange Policy 2.4.

**2. GOING CONCERN**

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. The proposed business of the Company, and the completion of a Qualifying Transaction, involves a high degree of risk. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

**ITOK Capital Corp.**  
**Notes to Condensed Interim Financial Statements**  
**For the six months ended June 30, 2019 and 2018**

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**2. BASIS OF PRESENTATION**

**Statement of Compliance**

These condensed interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS.

These condensed interim financial statements should be read in conjunction with the Corporation's audited financial statements for the period December 31, 2018, which includes information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies, use of judgements and estimates were presented in Note 3 and Note 4 of those audited financial statements and have been consistently applied in the preparation of these condensed interim financial statements.

Management of the Corporation prepared the condensed interim financial statements of the Corporation and the Board of Directors approved them by resolution on August 29, 2019.

**Basis of Presentation**

The condensed interim financial statements of the Corporation have been prepared on a historical cost basis and presented in Canadian dollars which is the functional currency of the Company, except where otherwise indicated. All amounts are rounded to the nearest dollar. The condensed interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

**Critical Accounting Estimates and Judgments**

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited financial statements for the year ended December 31, 2018.

**ITOK Capital Corp.**  
**Notes to Condensed Interim Financial Statements**  
**For the six months ended June 30, 2019 and 2018**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation applies the same accounting policies and methods of computation in its interim financial statements as in its December 31, 2018 audited financial statements. None of the new standards, interpretations and amendments, effective for the first time from January 1, 2019, have had a material effect on the financial statements.

**Recently Adopted Accounting Standards**

*IFRS 16 'Leases':*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

Under IFRS 16, lessees assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to use an identified asset for a period of time in exchange for consideration. With the exception of leases with a lease term of 12 months or less and leases of low value assets, IFRS 16 requires the recognition of a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

As the Company is classified as a CPC with a limited number of transactions and has not encountered any agreements which meet the definition of IFRS 16, the adoption of IFRS 16, effective January 1, 2019, has had no material impact on the financial statements.

At the date of the approval of the financial statements, a number of other standards and interpretations were in issue but not yet effective. The Corporation considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Corporation's financial statements.

**4. BASIS OF FAIR VALUE**

The Corporation's financial instruments consist of cash and cash equivalents, trade and other payables, and loans payable. The fair value of the Corporation's trade and other payables and loans payable approximate the carrying value, which is the amount on the interim statements of financial position due to their short-term maturities or ability of prompt liquidation. The Corporation's cash and cash equivalents, is measured at fair value under the fair market hierarchy, based on level one quoted prices in active markets for identical assets.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

**ITOK Capital Corp.**  
**Notes to Condensed Interim Financial Statements**  
**For the six months ended June 30, 2019 and 2018**

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**4. BASIS OF FAIR VALUE (cont'd)**

*Level 1:* fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

*Level 2:* fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

*Level 3:* fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The following table sets forth the Corporation's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2019:

<b>Assets measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ -	\$ -	\$ -
Trade and other payables	273,682	-	-
Loans payable	90,000	-	-
Total assets measured at fair value	\$ 363,682	\$ -	\$ -

**5. LOANS PAYABLE**

On March 23, 2015, the Corporation issued \$90,000 convertible debentures, bearing simple interest rate of 12% per annum with maturity date on December 31, 2017 and is due on demand. The holder at any time may convert all or any part of the outstanding principal and accrued interest into units at a conversion price of \$0.05 per unit. Upon issuance, a debt discount of \$10,871 was recorded to equity and was accreted over the life of the debenture, as of December 31, 2017, the debt discount was fully accreted.

As at June 30, 2019 and December 31, 2018, the carrying value of the convertible debenture was \$90,000 and had accrued interest payable totaling \$46,132 and \$40,732, respectively.

**ITOK Capital Corp.**  
**Notes to Condensed Interim Financial Statements**  
**For the six months ended June 30, 2019 and 2018**

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**6. SHARE CAPITAL**

The authorized share capital consists of an unlimited number of non-voting, non-participating, non-cumulative preference shares, redeemable at the option of the Corporation or the holder preferred shares and common shares. To date, no preferred shares have been issued.

**(a) Shares issued**

During the three months ended June 30, 2019 and 2018, the Corporation did not issue any shares of common stock.

**(b) Shared-based payments**

The Corporation has a stock option plan administered by the Board of Directors. The Board may from time to time and at its discretion, and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

Options will be exercisable for a period of up to five (5) years from the date of the grant. The number of common shares reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares. The number of common shares reserved for issuance to technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Corporation, with the exception that if the cessation of the office, directorship, employment or technical consulting arrangements was by reason of death, in which case the option may be exercised within a maximum period of one (1) year after such death, subject to the expiry date of such options. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction will be subject to escrow restrictions.

As of June 30, 2019, there were no options issued or outstanding.

**7. LOSS PER SHARE**

Basic earnings per share amounts are calculated by dividing net earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the period.

The following reflects the earnings and unit data used in the basic and diluted earnings per share computations:

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**For the six months ended June 30, 2019 and 2018**

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**7. LOSS PER SHARE (cont'd)**

For the six months ended June 30,	2019	2018
Weighted average number of shares – basic:		
Issued common shares as at January 1,	1,333,332	1,333,332
Effect of common shares issued during the period	-	-
Effect of escrowed shares	(333,332)	(333,332)
	<u>1,000,000</u>	<u>1,000,000</u>
Net loss	\$ (19,014)	\$ (8,481)
Net loss per share – basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

The Corporation has excluded common share purchase warrants and potential common share equivalents, comprised of incremental shares from stock options calculated using the treasury method from the earnings (loss) per share calculation, as they were anti-dilutive.

Excluded from weighted average common shares outstanding is 333,332 escrowed shares.

**8. GENERAL AND ADMINISTRATION EXPENSES**

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Professional fees	\$ 6,028	\$ 581	\$ 13,614	\$ 3,081
	<u>\$ 6,028</u>	<u>\$ 581</u>	<u>\$ 13,614</u>	<u>\$ 3,081</u>

**9. SUBSEQUENT EVENTS**

None.