IMAGING DYNAMICS COMPANY LTD.

FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Your Global Medical Imaging Technology Provider

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BDO Canada LLP
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Independent Auditor's Report

To the Shareholders of Imaging Dynamics Company Ltd.

Opinion

We have audited the consolidated financial statements of Imaging Dynamics Company Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group has a negative excess of current liability over current assets of $1,238,992, and an accumulated deficit at December 31, 2019 of $112,534,120. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John Leavitt.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
July 15, 2020

Imaging Dynamics Company Ltd.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

As at years ended December 31,	Note *		2019		2018
Assets					
Current					
Cash and cash equivalents		**$**	**57,649**	$	129,848
Trade and other receivables	5		**4,980**		7,842
Inventory	6		**107,024**		176,058
Prepaid expenses and other			**22,893**		26,955
			192,546		340,703
Non-current assets					
Property, plant and equipment	7 & 8		**611,491**		323,685
Intangible assets	9		**-**		249,073
Investment	26		**-**		3,599,576
Total Assets		**$**	**804,037**	$	4,513,037
Liabilities					
Current					
Trade and other payables	10 & 21	**$**	**836,161**	$	3,302,136
Customer deposits			**40,709**		1,245,570
Convertible debenture - current	12		**-**		17,797,754
Lease inducement			**-**		11,547
Lease liability - current	8		**163,080**		-
Short term loan	11 & 18		**316,527**		-
Warranty provision			**75,062**		80,034
			1,431,539		22,437,041
Long-term liabilities					
Lease Liability- long tem	8		**288,938**		-
Lease inducement			**-**		33,680
Total Liabilities			**1,720,477**		22,470,721
Shareholders' deficiency					
Share capital	13		**96,509,279**		78,147,450
Share-based payments reserve	14		**7,186,107**		7,186,107
Contributed surplus	15		**8,123,823**		5,508,389
Other comprehensive income			**(201,529)**		(163,400)
Deficit			**(112,534,120)**		(108,636,230)
Total Shareholders' deficiency			(916,440)		(17,957,684)
Total Liabilities and Shareholders' deficiency		**$**	**804,037**	$	4,513,037

On behalf of the Board:

"Signed"
Tim Seung, Director

"Signed"
Paul Lin, Director

Imaging Dynamics Company Ltd.

Consolidated Statements of Comprehensive Income (Loss)
(expressed in Canadian dollars)

For the years ended December 31,	Note*	2019	2018
Revenues	18 & 22	**679,916**	748,680
Cost of sales		**132,502**	981,082
Gross profit		**547,414**	(232,402)
Expenses			
Sales and marketing	24	**34,377**	258,012
General and administrative	24	**1,446,422**	1,427,649
Research and development	24	**-**	786,912
		1,480,799	2,472,573
Loss before undernoted items		**(933,385)**	(2,704,975)
Loss on investment in associate	26	**2,447,981**	899,068
Disposal of property, plant and equipment	7	**4,505**	-
Interest expense		**989,388**	1,572,954
Impairment on investment in associate	26	**837,995**	-
Gain on debt settlement	18	**(944,265)**	-
Gain on extension of debentures	12	**(371,099)**	(205,928)
Net Income/loss from continuing operations		**(3,897,890)**	(4,971,069)
Net Income/loss on discontinuing operations, net of income taxes	25		8,176,299
Net Income/loss		**(3,897,890)**	3,205,230
Other comprehensive income			
Foreign currency translation (loss) gain from continued operations		**(38,129)**	-
Foreign currency translation (loss) gain from discontinued operations		**-**	(163,400)
Net Income/loss and comprehensive loss		**(3,936,019)**	3,041,830
Net income/loss attributable to discountinued operations			
Owner of the Company		**(3,936,019)**	8,184,795
Non-controlling interest		**-**	(8,496)
Net Income(loss)		**(3,936,019)**	8,176,299

Imaging Dynamics Company Ltd.

Consolidated Statements of Comprehensive Income (Loss)
(expressed in Canadian dollars)

Net Income/loss attributable to:			
Owner of the Company		**(3,936,019)**	3,213,726
Non-controlling interest		**-**	(8,496)
Net income/loss		**(3,936,019)**	3,205,230
Net income/loss and comprehensive income/loss attributable to:			
Owner of the Company		**(3,936,019)**	3,050,343
Non-controlling interest		**-**	(8,513)
Net income/loss and comprehensive income/loss		**(3,936,019)**	3,041,830
Net Income/loss per share, basic and diluted			
Continuing operations	16	**(0.03)**	(0.08)
Discontinued operations	16	**-**	0.14
Net Income/loss		**(0.03)**	0.06

* the accompanying notes are an integral part of these consolidated financial statements

Imaging Dynamics Company Ltd.

Consolidated Statements of Changes in Shareholders' Deficiency

(expressed in Canadian dollars)

	Note*	Number of Shares	Share Capital	Share-based payments reserve	Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Non-controlling Interest	Total Shareholders' Deficiency
Balance December 31, 2017		58,857,656	$78,147,450	$7,186,107	$5,507,196	($467,371)	($111,849,956)	$8,026	($21,468,548)
Loss of control in subsidiary			-	-	-	467,371	-	470	467,841
Foreign exchange gain (loss) on translation			-	-	-	(163,400)	-	-	(163,400)
Convertible debentures	12		-	-	1,193	-	-	-	1,193
Income (loss) for the year			-	-	-	-	3,213,726	(8,496)	3,205,230
Balance December 31, 2018		58,857,656	78,147,450	7,186,107	5,508,389	(163,400)	(108,636,230)	-	(17,957,684)
Settlment of shareholders' loans	11 & 12		**-**	**-**	**3,306,158**	**-**	**-**	**-**	**3,306,158**
Foreign exchange gain (loss) on translation			**-**	**-**	**-**	**(38,129)**	**-**	**-**	**(38,129)**
Conversion of convertible debentures	12	**147,833,334**	**18,361,829**	**-**	**(690,724)**	**-**	**-**	**-**	**17,671,105**
Income (loss) for the year			**-**	**-**	**-**	**-**	**(3,897,890)**	**-**	**(3,897,890)**
Balance December 31, 2019		**206,690,990**	**$96,509,279**	**$7,186,107**	**$8,123,823**	**($201,529)**	**($112,534,120)**	**-**	**($916,440)**

* the accompanying notes are an integral part of these consolidated financial statements

Imaging Dynamics Company Ltd.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

For the years ended December 31,	Note*	2019	2018
Cash provided by (used in):			
Operating activities			
Net loss		**($3,897,890)**	$3,205,230
Items not affecting cash:			
Depreciation of property, plant & equipment	7	**254,594**	155,433
Amortization of intangible assets	9	**64,187**	94,094
Impairment of intangible assets	9	**184,906**	241,847
Unrealized foreign exchange loss (gain)		**7,377**	(352,488)
Current year loan interest settled	11	**19,383**	-
Debenture Accretion expense		**891,080**	493,425
Lease Accretion expense		**61,432**	-
Accrued interest		**-**	1,027,029
Warranty expense (recovery)		**(4,972)**	(40,240)
Gain on loss of control of subsidiary		**-**	(10,372,837)
Gain on extension of debentures		**(371,099)**	(205,928)
Elimination of downstream transactions with investment in associate		**275,471**	-
Impairment on investment in associate	26	**837,995**	-
Loss from investment in associate	26	**2,447,981**	899,068
		770,445	(4,855,367)
Change in non-cash working capital	17	**(1,061,671)**	1,967,214
Cash (provided by) used in operating activities - Discontinued operations		**-**	(1,436,399)
Cash (provided by) used in operating activities		**(291,226)**	(4,324,552)
Investing activities			
Additions to property, plant and equipment	7	**(23,346)**	-
Disposals of property, plant and equipment	7	**27,851**	-
Cash (provided by) used in investing activities - Discontinued operations		**-**	(989,121)
Cash (provided by) used in investing activities		**4,505**	**(989,121)**
Financing activities			
Repayment of premise lease	8	**(198,401)**	-
Repayment of capital lease		**-**	(6,736)
Debenture interest paid		**-**	(52,500)
Advances from related parties	11	**422,923**	271,900
Repayment of short term loan		**(10,000)**	-
Cash (provided by) used in financing activities - Discontinued operations		**-**	2,665,138
Cash (provided by) used in financing activities		**214,522**	2,877,802
Net (decrease) increase in cash and cash equivalents		**(72,199)**	(2,435,871)
Cash and cash equivalents beginning of period		**129,848**	2,565,719
Cash and cash equivalents end of period		**$57,649**	$129,848
Cash and Cash equivalents from Continued Operations		**$57,649**	$129,848
Cash and Cash equivalents from Discontinued Operations		**-**	-
Cash and cash equivalents end of period		**$57,649**	$129,848

* the accompanying notes are an integral part of these consolidated financial statements

1. Nature of the organization

Imaging Dynamics Company Ltd. (the "Company" or "IDC") is a public company incorporated under the laws of the Province of Alberta. The Corporation is listed on the TSX Venture Stock Exchange ("TSXV"), trading under the symbol "IDL". The address of its registered office is #130, 3510 29th Street NE, Calgary, Alberta, Canada, T1Y 7E5. The Company is a medical device company engaged in the development and commercialization of medical imaging devices.

These consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries: IDC USA, Inc. IDC Europe Inc, IDC Hongkong Inc and 1370509 Alberta Inc.

2. Going concern

These consolidated financial statements of the Company have been prepared by Management on a going concern basis, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations. As of December 31, 2019, the Company had excess of current liabilities over current assets of $1,238,993 (2018 – $22,096,338), and an accumulated deficit at December 31, 2019 of $112,534,120 (2018– $108,636,230). The ability of the Company to continue as a going concern will depend on attaining a satisfactory revenue level, the generation of cash from operating activities, and the ability to secure additional new financing arrangements and new capital, and the economic recovery of the Canadian and global economies due to the COVID-19 pandemic declared subsequent to year-end. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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

3. Basis of preparation

a) Statement of compliance

These consolidated financial statements were authorized for issuance by the Board of Directors on July 15, 2020. The Company prepared these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC") in effect at January 1, 2019.

3. Basis of preparation *(continued)*

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except as discussed in the significant accounting policies as below.

c) Functional and presentation currency

The Company measures the transactions in its entities using the currency of the primary economic environment in which the entity operates (functional currency). These consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the parent entity. The functional currency of the Chinese associations is the Renminbi ("CNY"). The functional currency of the inactive subsidiaries includes CAD, US dollars and Hong Kong dollars.

d) Use of estimates, assumptions and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the period reported. Although these estimates are based on management's best knowledge of amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised as future confirming events occur.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are included in the following notes:

(i) Estimates

Allowance for doubtful accounts – Management continuously monitors and reviews its trade and other receivables and makes its best assumption on collectability of these trade and other receivables (Note 5). Any uncertainty in these assumptions could impact the value of the trade and other receivables reported in these consolidated financial statements.

Equity investments – Management reviews quarterly financial statements submitted by the Chinese investment and estimates the fair value of the investment based on the financial performance of the entity. Any uncertainty in the financial performance of the Chinese entity could impact the value of the equity investment reported in these consolidated financial statements.

Inventory obsolescence - Management reviews and estimates the carrying value of inventory periodically and records a provision for inventory obsolescence for specific inventory items. These estimates by their nature are subject to uncertainty and the impact of the provision for inventory obsolescence expense could be material in these consolidated financial statements.

Property, plant and equipment and intangible assets – Depreciation and amortization expense and impairment of assets are recorded based on management's estimate of the useful life of the assets, market conditions, and fair value of assets or projected cash flows derived from the use of the assets, which in turn determines the depreciation/amortization rates and asset impairment calculations (Notes

3. Basis of preparation *(continued)*

7 and 9). By their nature, these estimates are subject to uncertainty and the impact on the consolidated financial statements of future periods could be material.

Share-based payments reserve – Management uses the Black-Scholes option pricing model to determine the fair value of the share-based payments (Note 14). Management is required to make several assumptions working through the Black-Scholes model. By its nature, Black-Scholes option pricing model assumptions are subject to uncertainty and could impact the share-based payments expense and reserve on these consolidated financial statements.

Warranty provision – Management estimates and recognizes a warranty expense at the time of sale and a provision is recognized. Management reviews historical information of warranty related issues, warranty period provided at time of sale, and warranty received from its vendors in determining the amount of provision that is required to be recognized. These assumptions by their nature are subject to uncertainty and the impact of warranty expense and warranty provision could be material in these consolidated financial statements.

Deferred taxes – Tax interpretations, regulations and legislation are subject to change, and as such, deferred taxes are subject to measurement uncertainty. Deferred taxes are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings and which tax rate is expected to apply when the temporary differences reverse.

Convertible debentures – The initial value of the convertible debentures was determined based on an estimated market interest rate of 8.28%. Management determined the interest rate considering the previous interest rate of the long-term debt, the credit risk of the Company and the interest rate on similar loans of other public companies.

(ii) Judgments

Cash generating units (“CGUs”) - The Company uses judgment in determining the grouping of assets to identify its CGUs for purposes of testing for impairment of property, plant and equipment and intangible assets. The determination of what constitutes a CGU is subject to management’s judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of the assets, each CGU is compared to the greater of its fair value less costs of disposal and its value in use.

Contingent liability – Management reviews all contingent liabilities and uses its best estimates and judgment based on the facts and information available at its disposal to determine if a provision is necessary to be recorded in these consolidated financial statements. Should those assumptions and judgments not materialize, there could be an impact on these consolidated financial statements.

Power to exercise control, joint control or significant influence – judgement is required in determining whether the Company has the power to exercise control, joint control, or significant influence over another entity. In making this decision, the Company reviews the degree of influence it has to govern the relevant activities of another entity, taking into consideration the Company’s equity interest, voting interest, ability to appoint senior management and officer and the Company’s exposure to variable returns from the entity.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented in these consolidated financial statements.

a) Basis of consolidation

These financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries: IDC USA, Inc., IDC Europe Inc., IDC Hongkong Inc. and 1370509 Alberta Inc.

On May 2nd, 2018, Shanghai IDC Healthcare Co. (“IDC Shanghai”), a wholly owned subsidiary, finished a financing arrangement in China. The financing was subject to shareholder approval and was satisfied by receiving written shareholder consent. The financing arrangement resulted in the Company losing control of IDC Shanghai.

Thus, IDC Shanghai’s financials are presented as discontinued operations up to the date of loss of control on May 2, 2018, and subsequently is accounted for using the equity method. The equity method of investment is described in Note 26.

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases or is determined to be held for sale.

(ii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

b) Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks, term deposits and other similar short-term highly liquid investments with maturities of 90 days or less at the date of issuance.

c) Inventory

Inventory consists of purchased components and finished goods and is stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Cost of sales represents movement in inventory for the year.

d) Property, plant and equipment

All property, plant and equipment have been recorded at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Costs associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalized if it is probable that the future economic benefits embodied within the expenditure or asset will flow to the Company, and its cost can be measured reliably.

4. Summary of significant accounting policies *(continued)*

The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing incurred to repair or maintain property, plant and equipment are expensed as incurred.

When parts of an asset classified within property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized in the consolidated statement of operations and comprehensive loss and is calculated over the depreciable amount, which is the cost of an asset less its estimated residual value. Residual values and useful lives, where applicable, are reviewed annually against prevailing market values for equivalently aged assets and amortization rates are adjusted accordingly on a prospective basis.

Depreciation is charged so as to write-off the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

Technical, lab and computer equipment	30% declining balance
Office equipment	20% declining balance
Tradeshow equipment	3 to 4 years straight-line
Leasehold improvements	Straight-line over lease term

e) Intangible assets

Intangible assets with definite useful lives are recorded at cost less accumulated amortization and impairment losses and are comprised of digital X-ray technology patents, licenses and software. Digital X-ray technology patents and licenses are amortized over a 5-year period on a straight line basis, software is amortized on a 20% declining balance basis, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in the consolidated statement of operations and comprehensive loss as incurred. Amortization methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Financial Instruments.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

4. Summary of significant accounting policies *(continued)*

The Company's business model for managing financial assets refers to how it managers its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give risk on specified dates to cash flows that are solely payments of principal and interest (SPPI") on the principal amount outstanding.

Financial assets at amortized cost include cash and cash equivalents, which includes with banks, and trade and other receivables.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purchase of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through comprehensive income, as described above, debt instruments may be also designated at fair value through profit or loss in initial recognition if doing so eliminates or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income (loss).

Impairment of financial assets

The Company recognized an allowance for ECLs for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next the 12 months (a 12 month ECL).

4. Summary of significant accounting policies *(continued)*

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For those credit exposures that are considered credit impaired, with interest income recognized on the balance net of allowance.

At each reporting date, the Company assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effect, including historical and forward looking information.

The Company considered a financial asset in default when contractual payments are 91 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate. The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initial at fair value net of directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate (“EIR”). Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income (loss).

The Company classifies its trade and other payables and convertible debentures as other financial liabilities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts recognized in profit or loss.

4. Summary of significant accounting policies *(continued)*

g) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Judgement is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

h) Provisions

Provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions for estimated expenses related to product warranties are made at the time products are sold. These estimates are established using historical information relating to the nature, frequency and average cost of warranty claims. Claims are assessed at each reporting date and adjustments to estimates are made based on updated historical information.

i) Revenue recognition

The Company derives revenue from product sales of its Medical Imaging equipment and FDA certification testing for medical imaging equipment.

Applying the five-step model required by IFRS 15, Revenue from Contracts with Customers, revenue is recognized as follows for these contracts:

Identify the contract

The contractual arrangement executed with the customer will specify the equipment, scope of FDA certification testing, hours incurred for technical support, and the consideration to be received.

Identify distinct performance obligations:

The contract may include multiple performance obligations.

Estimate transaction price

The transaction price is based on the observable stand-alone selling price as stated in the contract and is based on a fixed fee. No variable consideration exists.

Allocate price to performance obligations:

The transaction price is allocated to each performance obligation as linked to the customer commitment for each obligation under the contract and is based on stand-alone selling prices.

Recognize revenue as the performance obligations are satisfied:

4. Summary of significant accounting policies (continued)

Revenue is recognized at a point in time once control of the goods passes to the customer and when all significant contractual obligations have been satisfied, collection is probable and the amount of revenue can be estimated reliably.

j) Customer deposits

Deposits that have been paid for by customers but will qualify for recognition within the next twelve months of the statement of financial position date under the Company's policies is reflected in current liabilities as deferred revenue. Included in customer deposits are payments received in advance associated with the sale of the Company's products.

Deposits that have been paid for by customers but will not qualify for recognition within the next twelve months of the statement of financial position date under the Company's policies are reflected in non-current liabilities as long-term customer deposits. The Company has no long-term customer deposits at December 31, 2019 or December 31, 2018.

k) Segment reporting

The Company is organized into two sales geographic areas within one operating segment consisting of China and the Americas. These regions are organized to manage sales and distribution channels and are currently not maintained or managed as operating regions.

l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income ("OCI").

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

The Company recognize deferred taxes in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

4. Summary of significant accounting policies *(continued)*

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Research and development

Research costs are expensed as incurred. Development costs are deferred if the Company can demonstrate (i) the technical feasibility of completing the product or process, (ii) the intention to complete the project, (iii) the ability to use or sell the product in commercial production, (iv) future economic benefits that the product or process can generate, including the existence of a market for the output of the project, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the product, and (vi) the ability to measure reliably the expenditure attributable to the project during development.

If these criteria are not met, development costs are expensed as incurred. If the costs are deferred, they are amortized over their useful lives on a straight-line basis commencing with commercial production.

n) Foreign currency translation

(i) Foreign transactions

Transactions completed in currencies other than the functional currency are reflected in Canadian dollars at the exchange rates prevailing at the time of the transactions. Foreign currency assets and liabilities are translated to Canadian dollars at the period-end exchange rate. Revenue and expenses are translated into Canadian dollars using the average exchange rate for the period. Both realized and unrealized foreign exchange gain or losses resulting from the settlement or translation of foreign currency transactions are included in in the consolidated statement of operations and comprehensive loss.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Canadian dollars at the period-end exchange rate. Revenues and expenses of foreign operations are translated to Canadian dollars using the average exchange rate for the period. Foreign exchange differences resulting from converting the subsidiaries' accounts from their functional currencies to the Canadian dollar, are recorded in OCI and are reclassified to the consolidated statement of operations and comprehensive loss when there has been a disposal or partial disposal of the foreign operation.

o) Share-based payments

The fair value of any stock options granted to directors, officers and employees is recorded as an expense over the vesting period with a corresponding increase recorded to the share-based payments reserve. The fair value of the share-based payments is determined using the Black-Scholes option pricing model and management's assumptions as disclosed in Note 14.

4. Summary of significant accounting policies *(continued)*

Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in the share-based payments reserve is recorded as an increase to share capital.

p) Per share amounts

Basic earnings or loss per share is calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the period.

Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as stock options, warrants, convertible debentures and other dilutive instruments granted to employees. In the calculation of diluted per share amounts, outstanding dilutive instruments are assumed to have been converted or exercised on the later of the beginning of the year and the date granted. The number of additional shares related to convertible debentures is calculated assuming the debentures are converted into common shares by dividing the face value of convertible debentures by the conversion price. Earnings is adjusted for interest or accretion, net of tax, related to the convertible debentures. In loss per share situations, the diluted per share amount is the same as that for basic, as all factors are anti-dilutive.

q) Assets held for sale and discontinued operations:

(i) Assets held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill if any, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories or financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized before reclassing to assets held for sale in the statement of comprehensive income (loss); however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying assets or disposal groups as held for sale, the Company presents the assets separately as a single amount and the associated liabilities separately as a single amount on the statement of financial position. Comparative period consolidated statements of financial position are not restated. Assets held for sale are not depreciated, depleted, or amortized.

ii) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or classified as held for sale.

4. Summary of significant accounting policies *(continued)*

The operations and cash flows can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes. When the Company classifies an operation as a discontinued operation, it re-presents the comparative consolidated statements of income as if the operation had been discontinued from the start of the comparative year. In doing this, the Company excludes the results of the discontinued operations and any gain or loss from disposal from the consolidated statements of operations from continuing operations and presents them on a separate line as profit or loss (net of tax) from the discontinued operation. Per share information and changes to other consolidated comprehensive income (loss) related to discontinued operations are presented separately from continuing operations. Cash flows from discontinued operations are presented separately from cash flows from continuing operations in the consolidated statements of cash flows.

r) Investment in associate

When the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. The Company's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates are initially recognized at cost plus the Company's share of their post-acquisition results less dividends received. The consolidated statement of profit (loss) and comprehensive income (loss) reflect the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's investment in the associates, except where unrealized loss provide evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with the Company.

Upon loss of significant influence over the associates, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

s) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling Interest (NCI) in the acquire. For each business combination,

The Company elects whether to measure NCI in the acquire at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

4. Summary of significant accounting policies *(continued)*

If the business combination is achieved in stages, any previously held equity interest is measured at its acquisition date fair value, and any resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value, with changes in fair value recognized either in the statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), before recognizing a gain, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the assessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognized in the statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition

date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU an part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

t) Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

4. Summary of significant accounting policies *(continued)*

A lease liability is initially measured at the present value of the unpaid lease payments using the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised insubstance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

u) Accounting standards adopted

IFRS 16 **–** *Leases*

In January 2016, the IASB issued the final version of IFRS 16 *Leases*. The new standard will replace IAS 17 *Leases* and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 provides a single lessees accounting model and requires the lessee to recognizes assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company has adopted IFRS 16 on January 1, 2019, retrospectively without restatement of prior year comparatives. The company recognized right of use asset and lease liability for its office premise lease, as disclosed in Note 8. The nature of expenses related to the office premise lease will now change from operating lease expense to a depreciation charge for right-of-use assets and interest expense on the lease liabilities.

The adoption of IFRS 16 included the de-recognition of $45,228 of leasehold inducements.

IFRIC 23 – Uncertainty over Income Tax Treatments ("IFRIC23")

In June 2017, the IASB issued IFRIC 23 which clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The interpretation requires an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;

An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment and if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

4. Summary of significant accounting policies *(continued)*

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The interpretation requires retrospective application, with some practical expedients available on adoption.

The Company has determined the impact of IFRIC 23 on these consolidated financial statements to be $nil.

5. Trade and other receivables

As at the years ended December 31,	Note		**2019**		2018
Trade receivables	21	**$**	**4,980**	$	7,842
		$	**4,980**	$	7,842

Allowance for doubtful accounts of $204,225 (2018 - $278,837) has been netted against trade receivables (Note 21).

6. Inventory

As at the years ended December 31,	Note		**2019**		2018
Inventory net of allowance for obsolescence		**$**	**107,024**	$	176,058
		$	**107,024**	$	176,058

Included in inventory is $6,863 (2018 - $123,082) of purchased components and $66,505 (2018 - $52,976) of finished goods. During the year ended December 31, 2019, the Company recorded a provision for inventory obsolescence of $782,590 (2018 - $856,186). Included in cost of sales is $190,181 (2018 - $298,188) of inventory from continued operations and $Nil (2018 - $724,855) from discontinued operations.

7. Property, plant and equipment

Cost	Technical, lab and computer equipment	Leasehold improvements	Office equipment	Vehicle	Tradeshow equipment	Capitalized Lease	Total
Balance, December 31, 2017	$ 1,991,835	$ 430,348	$ 497,400	$ -	$ 1,128,314	$ -	$ 4,047,897
Additions							-
Transfer from asset held for sale	(10,610)	(8,010)	1,920	-	158,635	-	141,935
Balance, December 31, 2018	**$ 1,981,225**	**$ 422,338**	**$ 499,320**	**$ -**	**$ 1,286,949**	**$ -**	**$ 4,189,832**
Additions	-	-	-	23,346	-	543,792	567,138
Disposal	-	-	(9,214)	(23,346)	-	-	(32,560)
Balance, December 31, 2019	**$ 1,981,225**	**$ 422,338**	**$ 490,106**	**$ -**	**$ 1,286,949**	**$ 543,792**	**$ 4,724,410**
Accumulated depreciation							
Balance, December 31, 2017	1,956,941	57,031	458,067	-	1,118,988	-	3,591,027
Depreciation	12,840	80,688	13,631	-	48,274	-	155,433
Impairment	-	-	-	-	119,687	-	119,687
Balance, December 31, 2018	**$ 1,969,781**	**$ 137,719**	**$ 471,698**	**$ -**	**$ 1,286,949**	**$ -**	**$ 3,866,147**
Depreciation	3,433	80,688	11,990	3,113	-	155,370	254,594
Disposal	-	-	(4,709)	(3,113)	-	-	(7,822)
Balance, December 31, 2019	**$ 1,973,214**	**$ 218,407**	**$ 478,979**	**$ -**	**$ 1,286,949**	**$ 155,370**	**$ 4,112,919**
Net book value as at:							
December 31, 2018	$ 11,444	$ 284,619	$ 27,622	$ -	$ -	$ -	$ 323,685
December 31, 2019	**$ 8,011**	**$ 203,931**	**$ 11,127**	**$ -**	**$ -**	**$ 388,422**	**$ 611,491**

8. Lease

The Company entered into a 7-year office lease on July 1, 2015. The Company used its incremental borrowing rate as the discount rate to determine the value of its seven-year office premises lease. The asset value was recorded as $543,792 and is depreciated on a straight-line basis over the lease term, starting December 31, 2018. The weighted average incremental borrowing rate applied to the lease liabilities was 12.90%. The aggregate lease liability recognized in the statement of financial position at January 1, 2019 and Company's operating lease commitment at January 1, 2019 can be reconciled as follows:

8. Lease *(continued)*

Operating minimum lease payments disclosed as at December 31, 2018	$	1,190,506
Exclude variable operating rental expense included in the min lease payments		(468,787)
Effect of discounting those lease commitments at January 1, 2019		(132,732)
Lease liability at January 1, 2019	**$**	**588,987**

Right of use Asset		
Balance, December 31, 2018		**543,792**
Amortisation		(155,369)
Balance, December 31, 2019	**$**	**388,423**

Lease liability		
Balance, December 31, 2018		**588,987**
Interest expense		61,432
Lease payments		(198,401)
Balance, December 31, 2019	**$**	**452,018**

As at December 31, 2019		
Short term lease liability		163,080
Long term lease liability		288,938
Total lease liability	**$**	**452,018**

	Under 1 year	Between 1-2 years	Between 3 - 5 years	Over 5-years	
Leae liability	$ 163,080	$ 206,588	$ 82,350	$ -	**$ 452,018**

9. Intangible assets

Cost	Software	Digital X-ray technology patents, development, and licenses	Total
Balance, December 31, 2017	$739,798	$1,736,227	$2,476,025
Transfer from Assets held for sale	4,999	(14,330)	(9,331)
Balance, December 31, 2018	$744,797	$1,721,897	$2,466,694
Balance, December 31, 2019	**$744,797**	**$1,721,897**	**$2,466,694**
Accumulated amortization			
Balance, December 31, 2017	735,806	1,265,560	$2,001,366
Amortization	6,555	87,539	94,094
Impairment	2,436	119,725	122,161
Balance, December 31, 2018	$744,797	$1,472,824	2,217,621
Amortization		64,186	64,186
Impairment		184,887	184,887
Balance, December 31, 2019	**$744,797**	**$1,721,897**	**$2,466,694**
Net book value as at:			
December 31, 2018	$0	$249,073	$249,073
December 31, 2019	**$0**	**$0**	**$0**

During the year, the Company has written off certain digital x-ray technology patents, development and license costs of $184,887 ($122,161) pertaining to technology not being sold based on an estimated value in use of $nil.

10. Trade and other payables

As at December 31		**2019**		2018
Trade payables	**$**	**401,218**	$	330,555
Interest payable		**-**		2,253,342
Other payables and accruals		**434,943**		718,239
Trade and other payables	**$**	**836,161**	$	3,302,136

11. Loan payable

The Company received short-term loans from Shareholders, Directors and other Related associations ("Lenders") during 2019 (See note 18). The total amount received in the year is $422,923 (2018 – $271,900 recorded in trade and other payables). These loans are non-interest bearing and are due on demand (2018 – bears interest at 7% per annum and are mature within one year. $Nil (2018 - $100,000 USD) of the short-term loan received are subject to penalty clauses where if the Company fails to pay any portion of the loan and interest when due, a 10% penalty per annum of the unpaid portion is incurred.

The lenders waived their right to repayment for some of the outstanding loans. Total amount of $411, 258 was waived in the current year for principal of $373,150 and interest and penalties of $38,108. As these lenders were acting in the capacity of shareholders of the Company, the amount waived has been recorded contributed surplus as an owner contribution.

12. Convertible Debentures

Balance, December 31, 2017	$	17,506,252
Gain on debenture extension		(205,928)
Accretion expense		1,564,550
Interest accrual		(1,067,120)
Balance, December 31, 2018	**$**	**17,797,754**
Gain on debenture extension		(371,099)
Accretion expense		891,080
Interest accrual		(641,557)
Conversion of convertible debentures into shares		(17,676,178)
Balance, December 31, 2019	**$**	**-**

During 2015 and 2016, the Company completed the following non-brokered private placement financings of convertible debentures. The convertible debentures are compound financial instruments consisting of the debt instrument and an equity feature.

a) On September 28, 2015, the Company completed a convertible debentures financing for gross proceeds of $6,250,000 in principal amount. The convertible debentures have a maturity date of September 28, 2018, bear interest at a rate of 6.0% per year payable annually, and are convertible into common shares of the Company at the holder's option at a conversion price of $0.10 per common share for a period of three years on or before September 28, 2018. The debt instrument was recorded at amortized cost using the effective interest method at an annual discount rate of 8.28% over the 3-year life of the debentures. The gross proceeds of $6,250,000 were allocated between the debt instrument for $5,884,611 and to the equity component for $365,389. The convertible debentures have an original maturity date of September 28, 2018. On Oct 25, 2018, the convertible debentures were extended to January 22, 2019.

12. Convertible Debentures *(Continued)*

All terms remained consistent with the original issuance other than the maturity date. As a result of the modification, a gain on the extension of $112,697 was recognized in the profit and loss for fiscal year 2018. On January 28, 2019, the convertible debentures were further extended to January 22, 2020. As a result of the modification, a gain on the extension of $129,937 was recognized in the profit and loss for fiscal year 2019.

b) On January 22, 2016, the Company completed a convertible debentures financing for gross proceeds of $5,750,000 in principal amount. The convertible debentures have a maturity date of January 22, 2019, bear interest at a rate of 6.0% per year payable annually, are convertible into common shares of the Company at the holder's option at a conversion price of $0.15 per common share for a period of three years on or before January 22, 2019, and are secured by a first charge against the assets of the Company. The debt instrument was recorded at amortized cost using the effective interest method at an annual discount rate of 8.28% over the life of the debenture of 3 years. The gross proceeds of $5,750,000 were allocated between the debt instrument for $5,413,842 and to the equity component for $336,158. On January 28, 2019, the convertible debentures were extended to January 22, 2020. All terms remained consistent with the original issuance other than the maturity date. As a result of the modification, a gain on the extension of $116,423 was recognized in the profit and loss for fiscal year 2019.

c) On October 7, 2016, the Company completed a convertible debentures financing for gross proceeds of $6,000,000 in principal amount. The convertible debentures have a maturity date of October 7, 2018, bear interest at a rate of 6.0% per year payable annually, are convertible into common shares of the Company at the holder's option at a conversion price of $0.125 per common share for a period of two years on or before October 7, 2018, and are secured by a first charge against the assets of the Company. The debt instrument was recorded at amortized cost using the effective interest method at an annual discount rate of 8.28% over the life of the debenture of 2 years. The gross proceeds of $6,000,000 were allocated between the debt instrument for $5,756,983 and to the equity component for $243,017. The convertible debenture has an original maturity date of October 7, 2018. On November 15, 2018, the convertible debentures were extended to January 22, 2019 All items remained consistent with the original issuance other than the maturity date. As a result of the modification, a gain on the extension of $93,231 was recognized in the profit and loss for fiscal year 2018. On January 28, 2019, the convertible debentures were further extended to January 22, 2020. As a result of the modification, a gain on the extension of $124,739 was recognized in the profit and loss for fiscal year 2019.

d) On June 8, 2017, $30,000 Convertible debentures issued on January 22, 2016 were redeemed by the holder thereof. Interest of $2,471 was also paid to the holder of the debenture.

e) On October 31, 2017, $120,000 Convertible debentures issued on January 22, 2016 were redeemed by the holder thereof. Interest of $5,563 was also paid to the holder of the debenture.

f) On August 6, 2019, all the debenture holders have converted their debentures into common shares per the terms of the original debenture agreements.

12. Convertible Debentures *(Continued)*

g) On October 9, 2019 all the debenture holders have waived repayment of the accrued interest accrued up to the date of the debenture conversion. As the debenture holders were acting in their capacity of shareholders, waived interest of 2,894,900 has been recorded to contributed surplus as an owner contribution.

13. Share capital

a) Authorized:
An unlimited number of common shares
An unlimited number of non-voting redeemable preferred shares

b) Issued and outstanding:

	Number of shares		Amount
Balance, December 31, 2017	58,857,656	$	78,147,450
Balance, December 31, 2018	58,857,656	$	78,147,450
Conversion of convertible debentures (note 12)	147,833,334		18,361,829
Balance, December 31, 2019	**206,690,990**	**$**	**96,509,279**

14. Share-based payments

The Company has established a share-based compensation plan for its directors, officers, employees, consultants and other key personnel (the "Stock Option Plan"). Under the Stock Option Plan, the Company may grant up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option is determined by the market price of the Company's stock on the date of the grant and an option's maximum term is five years and they vest immediately.

There were no stock options granted during 2019 and 2018.

As at December 31, 2019, 19,569,099 common shares (2018 - 4,185,766) remains in reserve. Under the Stock Option Plan, the following options are outstanding as at the dates shown as follows:

As at December 31,	**2019**		2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**1,100,000**	**$0.25**	1,700,000	$0.25
Cancelled / expired in the period	**-**	**-**	(600,000)	$0.25
Balance, end of period	**1,100,000**	**$0.25**	1,100,000	$0.25
Options exercisable at the end of the period	**1,100,000**	**$0.25**	1,100,000	$0.25

14. Share-based payments *(Continued)*

Since December 31, 2015, the share-based payments reserve with respect to share-based compensation is $7,186,107 and all of the options issued vested immediately on the grant date.

Stock option plan

The following table summarizes information of the Company's Stock Option Plan as at December 31, 2019:

	Options outstanding			Options exercisable	
Exercise price in dollars	Number outstanding	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
$0.25	1,100,000	4.6	$0.25	1,100,000	$0.25

The following table summarizes information of the Company's Stock Option Plan as at December 31, 2018.

	Options outstanding			Options exercisable	
Exercise price in dollars	Number outstanding	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
$0.25	1,100,000	4.6	$0.25	1,100,000	$0.25

There were no stock options granted in the year ended December 31, 2019 and 2018.

15. Contributed surplus

The following table presents the reconciliation of contributed surplus with respect to warrants and convertible debentures:

As at December 31,		**2019**		2018
Balance, beginning of period	**$**	**5,508,389**	$	5,507,196
Convertible debenture issued (net of tax)		**-**		1,193
Settlement of interest payable		**2,894,900**		-
Settlement of Shareholders' loans		**411,258**		-
Equity component of convertible debentures reclassified		**(690,724)**		
Balance, ending of period	**$**	**8,123,823**	$	5,508,389

16. Per share amounts

The following table presents the reconciliation between basic and diluted loss per share:

For the years ended December 31,	**2019**	2018
Net Income/loss for the period attributable to owners of the Company - Continued operations	**$ (3,897,890)**	$ (4,971,069)
Net Income/loss for the period attributable to owners of the Company - Discontinued operations	**-**	$ 8,176,299
Weighted average number of common shares outstanding	**118,396,012**	58,857,656
Basic and diluted loss per share - Continued operations	**$ (0.03)**	$ (0.08)
Basic and diluted loss per share - Discontinued operations	**-**	$ 0.14

** In calculating diluted common share numbers for the year ended December 31, 2019, the Company excluded 1,100,000 outstanding options (2018 – 1,100,000*), and nil (2018 - 148,833,333) shares issuable on conversion of convertible debentures because they were anti-dilutive.

17. Supplementary information

Change in non-cash working capital:

For the years ended December 31,		**2019**		2018
Trade and other receivables	**$**	**2,862**	$	135,871
Inventory		**69,034**		914,112
Prepaid expenses and other		**4,062**		(557)
Trade and other payables		**67,232**		(327,782)
Customer deposits		**(1,204,861)**		1,245,570
	$	**(1,061,671)**	$	1,967,214

$279,864 (2018 - $271,900) of short terms loans with related parties have been accrued in trade and other payables and removed from effect on trade and other payables in the non-working capital as well as waived interest accrued on debentures.

18. Related party transactions

The following transactions were entered into with related parties during the year ended December 31, 2019 and 2018:

a) Key management personnel compensation - the Company considers the key management personnel of the Company to be its officers and directors. The compensation included in the consolidated statement of operations and comprehensive loss relating to key management personnel for the years ended December 31, 2019 and 2018 was as follows:

For the years ended December 31,	**2019**	2018
Salaries / compensation	**96,000**	128,667
Share-based compensation	**-**	-
Total for the period	**$96,000**	$128,667

b) During the year 2019, total revenue generated from products sold and services provided to an associate, IDC Shanghai, is $197,041. From January 1, 2018 to May 2, 2018, total revenue generated from products sold and services provided to IDC Shanghai, which was a wholly-owned subsidiary at this time, is $59,779. This was eliminated upon consolidation. From May 3, 2018 to December 31, 2018, total revenue generated from products sold and services provided with IDC Shanghai is $51,432. Gains and losses resulting in downstream transactions between the Company and its associate are recognized in the Company's profit and loss only to the extent of the unrelated investors' interest in the associate.

c) As at December 31, 2018, customer deposits with an associate, IDC Shanghai and IDC HK, are $907,295 USD ($1,236,008 CAD) and accounts payables with IDC Shanghai and IDC HK are $134,818 USD ($189,335 CAD). During the year 2019, associate, IDC China (including IDC Shanghai, IDC Beijing and IDC HK) waived all customer deposits and accounts payable outstanding at December 31, 2018. This resulted in a gain of $944,265 CAD is recognized in the Company's profit and loss only to the extent of the unreleased investors' interest in the associate as a gain on debt settlement.

d) Officers and a private corporation controlled by an officer of the Company provided $10,703,754 of the total $17,850,000 principal of convertible debenture financing raised in 2015 and 2016. The Company incurred 6% coupon interest expense of $439,254 (2018 - $642,535) on the portion of these convertible debentures held by related parties up until the conversion date.

e) On March 26, 2018, the Company entered into a short term loan with a private corporation controlled by the CEO for USD $80,000 (CDN $103,088). The loan has a maturity date of March 26, 2019, bear interest at a rate of 7% per year payable monthly, and is included in trade and other payables. The lender waived their right to repayment for the outstanding loans, interest and penalties on November 11, 2019 (Note 11). As the lender was acting in the capacity of shareholders of the Company, the amount waived has been recorded to contributed surplus as an owner contribution.

f) On July 25, 2018, the Company entered into a short term loan with a private corporation controlled by the CEO for USD $100,000 (CDN $130,880). The loan has a maturity date of January 24, 2019, bear interest at a rate of 7% per year payable monthly, and is included in trade and other payables. The lender waived their right to repayment for the outstanding loans, interest and penalties on November 11, 2019 (Note 11). As the lender was acting in the capacity of shareholders of the Company, the amount waived has been recorded to contributed surplus as an owner contribution.

18. Related party transactions *(Continued)*

g) On September 13, 2018, the Company entered into a short-term loan with a private corporation controlled by the CEO for USD $30,000 (CDN $38,991). The loan has a maturity date of September 13, 2019, bear interest at a rate of 7% per year payable monthly, and is included in trade and other payables. The lender waived their right to repayment for the outstanding loans, interest and penalties on November 11, 2019 (Note 11). As the lender was acting in the capacity of shareholders of the Company, the amount waived has been recorded to contributed surplus as an owner contribution.

h) During fiscal 2019, the Company entered into multiple short-term loan agreement with its shareholders, directors and other related associations. The Company have received $93,005 CAD and $242,550 USD in total equivalent of $422,923 CAD. These loans are non-interest bearing and are due on demand. $71,477 USD ($94,572 CAD) of the loan were waived on November 11, 2019 (Note 11). As the lender was acting in the capacity of shareholders of the Company, the amount waived has been recorded to contributed surplus as an owner contribution. As of December 31, 2019, related short-term loan outstanding is $316,527.

19. Income taxes

a) Reconciliation of effective tax rate

The income tax expense differs from the amounts, which would be obtained by applying the expected statutory income tax rate of 26.5% (2018 - 27%) as follows:

		2019		2018
Gain/Loss from Continuing operations before income taxes	**$**	**(3,897,890)**	$	(4,971,069)
Statutory income tax rate		**26.5%**		27%
Tax expense	**$**	**(1,032,941)**	$	(1,342,189)
Non-deductible expenses and other		**(119,834)**		883,087
Dercognized deferred tax assets		**333,056**		1,625,673
Change in tax rates		**3,810,117**		
Change in unrecognized deferred tax assets	**$**	**(2,990,398)**	$	(1,166,571)
Income tax provision (recovery)	**$**	**-**	$	-

The Canadian statutory tax rate changed from 27% to 26.5% due to a change of legislation. The Canadian future statutory tax rate changed from 27% to 23% due to a change in legislation.

19. Income taxes *(Continued)*

b) Deferred tax assets (liabilities)

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2019		2018
Property, plant and equipment	**$**	**6,187,361**	$	7,602,944
Intangible asset		**162,178**		123,133
Research and development costs		**321,849**		474,849
Share issurance costs		**3,491**		10,429
Lease liability		**101,997**		-
Warranty provision		**17,264**		21,609
Investment in subsidiaries		**927,066**		610,602
Non-capital losses		**12,450,544**		14,228,279
Total	**$**	**20,171,750**	$	23,071,845

c) Losses and tax credits

The Company has non-capital losses for income tax purposes in Canada of approximately $53,225,000, which are available to be applied against future years' taxable income. The benefit of these non-capital losses has not been recognized in the financial statements.

These non-capital losses will expire as follows:

	Amount
2026	$7,436,000
2027	-
2028	15,606,000
2029	5,347,000
2030	2,314,000
2031	3,183,000
2032	1,736,000
2033	2,000,000
2034	1,320,000
2035	3,442,000
2036	2,551,000
2037	4,372,000
2038	4,160,000
2039	667,000
	$ 54,134,000

As of December 31, 2019, the Company has net operating losses for income tax purposes in the U.S. of approximately $125,000 (2018 - $125,000). The Company also has net operating losses for income tax purposes in Hong Kong of $88,000 (2018 - $88,000) which have no expiry date. The benefit of these non-capital losses has not been recognized in the financial statements.

19. Income taxes *(Continued)*

As of December 31, 2019, the Company has Scientific Research and Experimental Development (SR&ED) Investment Tax Credit (ITC) carryovers in Canada of approximately $322,000, which are available to be applied against future years' taxes payable.

The benefits of the ITC carryovers have not been recognized in the consolidated financial statements. These carryovers will expire as follows:

2020	**-**
2021	**322,000**
	$ 322,000

20. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sales of its digital imaging products and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' deficiency and the long-term debt, which consists of the following:

As at December 31,	**2019**	2018
Convertible debentures	**-**	$17,797,754
Shareholders' deficiency	**(916,440)**	(17,957,684)
	($916,440)	($159,930)

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. There are no external imposed capital requirements as of December 31, 2019. To maintain or adjust the capital structure, the Company may attempt to issue new equity or issue new debt.

21. Financial risk management

The Company is exposed to a variety of financial risks by virtue of its activities, including fair value risk, currency risk, credit risk, interest rate 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 supervised by the Chief Executive Officer under the direction and guidance from the Company's Board of Directors. The Company identifies and evaluates financial risks in close cooperation with other management personnel. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

21. Financial risk management *(Continued)*

Fair value risk:

Fair value of financial instruments:

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, short term loan approximate fair value due to the short-term nature of these instruments. The fair value of the convertible debenture is calculated by discounting future debt service payments using an estimated market rate of interest.

Any financial assets and financial liabilities measured at fair value (currently there are none) in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

Currency risk

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily US Dollars and Chinese Yuan (CNY). Foreign exchange risk arises from the purchase and sale transactions as well as financial assets and liabilities denominated in foreign currencies.

A significant change in the currency exchange rates between the Canadian dollars relative to the other currencies could have an effect on the Company's results of operations, financial position or cash flows. Foreign exchange contracts are only entered into for purposes of managing foreign exchange risk and not for speculative purposes. As at December 31, 2019 and December 31, 2018, there were no foreign exchange contracts outstanding.

At December 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

	US Dollars ($)	CNY (¥)
Cash and equivalents	26,043	1,903
Trade accounts and loans receivable	3,717	-
Trade accounts and loans payable	(23,119)	-
	6,641	1,903

21. Financial risk management *(Continued)*

At December 31, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

	US Dollars ($)	CNY (¥)
Cash and equivalents	66,542	1,963
Trade accounts and loans receivable	5,975	50,000
Trade accounts and loans payable	(391,395)	-
	(318,878)	51,963

Based on the above net exposures as at December 31, 2019 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against other currencies would result in an increase or decrease of approximately $1,852 (2018 - $122,929) in the Company's net loss for the year.

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 Company manages credit risk by maintaining bank accounts with Tier 1 banks. Any short-term investment included in cash and cash equivalents would be composed of financial instruments issued by Canadian banks. The Company's trade and other receivables consist of trade receivables from the sale of the product. Trade receivables include amounts receivable for normal terms and extended terms, which are generally made to credit worthy purchasers. The Company uses an indirect distribution strategy whereby substantially all of the Company's revenues are earned through dealers, distributors and OEM partners.

Most of the Company's distribution partners have income streams from various sources and have an established history of providing goods and services to the health care industry. The Company does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances.

In cases where collection is in question, the Company has the ability to withhold warranty support or warranty parts to a dealer that has not paid, remove the dealer as a qualified Company dealer, as well as any and all legal recourse measures.

At December 31, 2019, the Company recognized an allowance for doubtful accounts of $266,523 (2018- $278,837). The bad debt provision as at December 31, 2019 is net of amounts collected from amounts for which provisions had previously been recorded.

The carrying amount of trade and other receivables and cash and cash equivalents represents the maximum credit exposure.

21. Financial risk management *(Continued)*

Aging of trade receivables as at December 31, 2019 and December 31, 2018 is represented as follows:

As at December 31		**2019**		2018
Not past due	**$**	**1,390**	$	2,530
Past due 31 - 180 days		**3,506**		5,714
Past due 181 - 365 days		**-**		-
Over 365 days		**266,607**		278,435
		271,503		286,679
Allowance for doubtful accounts		**(266,523)**		(278,837)
	$	**4,980**	$	7,842

The movement in the Company's allowance for doubtful accounts is as follows:

As at December 31		**2019**		2018
Opening balance	**$**	**278,837**		$2,303,498
Discontinued operations		**-**		(2,086,675)
Bad debt expense		**15,102**		79,093
Foreign Exchange		**(27,416)**		(17,079)
Closing balance	**$**	**266,523**	$	278,837

Economic Dependence

Four customers represented 47.35% of the total revenue during the year ended December 31, 2019 as compared to four customers representing 58.2% during the year ended December 31, 2018.

There is no supplier dependence during the year ended December 31, 2019 and 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The risk related to the Company's long-term debt is limited due to the fixed interest rate.

The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investments included in cash and cash equivalents is limited due to the short-term nature of the assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due (see Note 2). The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company.

21. Financial risk management *(Continued)*

The Company currently settles its financial obligations with cash. In order to meet its financial liabilities, the Company relies on collecting its trade and other receivables in a timely manner, sale of inventory and by maintaining sufficient cash in excess of anticipated needs.

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2019.

Financial liabilities and commitment	**< One year**	**> One year**
Trade and other payables	**$836,161**	**-**
Short term loans	**316,527**	
Total	**$1,152,688**	-

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2018:

Financial liabilities and commitment	< One year	> One year
Convertible debenture	$12,034,707	$5,475,426
Trade and other payables	$1,906,786	-
Total	$13,941,493	$5,475,426

It is the Company's intention to meet these obligations through the collection of trade and other receivables, sale of inventory and the receipt of future progress payments on amounts not yet invoiced, as well as looking for other external financing sources.

22. Revenue

	Sale of Equipment	Certification Services	Technical Support	Total
Year ended December 31,				
2019	**$ 674,041**	**$ -**	**$ 5,876**	**$ 679,917**
2018	671,733	59,779	16,953	748,465

23. Segmented information

The Company determines its operating segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Company is organized into two sales geographic areas consisting of China and the Americas. These regions are organized to manage sales and distribution channels and are not currently maintained or managed as operating regions.

The Company sells primarily through dealers, distributors and OEM partners.

23. Segmented information *(continued)*

Segmented revenues for the years ending December 31, 2019 and 2018 are as follows:

	Note	China	Americas	Others	Discontinued Operations - China	Total
Years ended December 31, 2019						
Sales		**$ 197,041**	**$ 418,331**	**$ 64,544**	**$ -**	**$ 679,916**
Non-current Assets		**-**	**611,491**	**-**	**-**	**611,491**
Years ended December 31, 2018						
Sales		$ 111,211	$ 637,469	$ -	$ 915,199	$ 1,663,879
Non-current Assets		-	4,513,037	-	-	4,513,037

In 2018, the China revenues are from sales of products and services to IDC Shanghai, an associate of the Company, and discontinued operations from January 1, 2018 to May 2, 2018.

24. Operating expenses by nature

	Notes	2019	2018
Employee related		**$ 497,138**	$ 2,663,672
Travel and related		**31,153**	222,670
Professional fees		**223,245**	230,197
Facility and utilities		**174,892**	451,221
Communications		**15,981**	36,414
Other administrative costs		**23,412**	256,814
Trade shows and marketing		**-**	221,108
Research Suppliers		**1,239**	12,443
Bad debt		**15,102**	79,093
Insurance		**55,511**	38,323
Foreign exchange loss (gain)		**(55,767)**	73,700
Warranty provision		**(4,794)**	(40,240)
Impairment on intangible assets	9	**184,906**	241,847
Depreciation of property, plant and equipment	7	**254,594**	155,433
Amortization of intangible assets	9	**64,187**	94,094
Discontinued Operations	25	**-**	(2,264,216)
		$ 1,480,799	$ 2,472,573

25. Discontinued Operations

During the 2017 year end, IDC Shanghai, a wholly owned subsidiary, entered into a financing arrangement. The financing arrangement resulted in the Company losing control of IDC Shanghai. The financing was finalized on May 2018. Thus, the assets and liabilities of IDC Shanghai and its subsidiaries were classified as a disposal group held for sale in 2017 and results have been presented as a discontinued operation in the comparative consolidated statements of income (loss) separately from continuing operations.

25. Discontinued Operations *(Continued)*

Net income on discontinued operations, net of income taxes, for IDC Shanghai and its subsidiaries as at May 2, 2018 are as follows:

Loss on discontinued operations

		May 2 2018
Revenues	$	915,199
Cost of sales		784,157
Gross profit		131,042
Expenses		
Sales and marketing		1,025,213
General and administrative		1,193,044
Depreciation of property, plant and equipment		43,503
Amortization of intangible assets		2,456
		2,264,216
Loss before finance costs		(2,133,174)
Finance costs		
Interest expenses		47,334
Income before taxes		(2,180,508)
Deferred tax recovery		-
Net loss		(2,180,508)
Other comprehensive income		
Foreign currency translation (loss) gain		(16,029)
Net loss and comprehensive loss	$	(2,196,537)
Gain on disposal		10,372,837
Net Income and comprehensive income	$	8,176,300

25. Discontinued Operations *(continued)*

Operating expenses by nature from discontinued operations as at May 2, 2018

	May 2 2018
Employee related	$ 1,382,661
Travel and related	178,694
Professional fees	20,290
Facility and utilities	212,298
Communications	7,211
Other administrative costs	193,306
Trade shows and marketing	211,355
Research Suppliers	12,443
Depreciation, amortization and impairment	45,959
Bad debt expense	-
	$ 2,264,217

26. Investment in associate

During the 2017 year end, Shanghai IDC Healthcare Co. ("IDC Shanghai"), a wholly owned subsidiary, entered into a financing arrangement in China and resulted in the Company losing control of IDC Shanghai. The transaction closed on May 2, 2018. The Company held 20% of the voting shares in IDC Shanghai after the financing arrangement and presumed to have significant influence in IDC Shanghai. Therefore, the equity method was adopted whereby the investment is initially derecognized at cost as ($5,735,317), which was the net assets of the entity at May 2, 2018. The fair market value of IDC Shanghai at May 2, 2018 is $4,637,520, resulting in a gain on the loss of control of $10,372,837 and a loss of $2,196,837 from discontinued operations.

A loss in the equity investment of $2,447,981 (2018 – 899,068) is recognized and adjusted thereafter for the post-acquisition change in 20% of IDC Shanghai's net assets. The Company's loss includes 20% of the IDC Shanghai's net loss included comprehensive loss. As at December 31, 2019, there were indicators of impairment on the investment, which resulted in the investment being impaired to $nil based on estimated forecasted cashflows of the investment. The changes in 20% of IDC Shanghai's net assets and net loss included in the Company's income and the impairment loss are as follows:

26. Investment in associate *(continued)*

As at December 31,		2019		2018
Current Assets	$	1,744,478	$	12,473,030
Non current assets		148,222		4,413,664
Total Assets		1,892,700		16,886,694
Current Liabilities		9,734,897		12,603,001
Total Liabilities		9,734,897		12,603,001
Equity		(7,842,198)		4,283,694
Total equity and liability		1,892,699		16,886,695
Revenue		312,897		1,927,340
Expense		12,552,800		6,422,682
Net loss		(12,239,903)		(4,495,342)
20% of net loss in IDC Shanghai	$	(2,447,981)	$	(899,068)
Other comprehensive loss	$	(190,642)	$	(694,377)
20% of other comprehensive loss in IDC Shanhai	$	(38,129)	$	(138,876)

		2019		2018
Investment in associate	$	3,599,576	$	4,637,520
Elimination of downstream transactions		(275,471)		-
Net loss		(2,447,981)		(899,068)
Other comprehensive income		(38,129)		(138,876)
Impairment loss		(837,995)		-
Accumulated net change in IDC Shanghai net assets		-	$	3,599,576

27. Subsequent Events

i. Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

27. Subsequent Events *(continued)*

ii. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. Management have noted decrease in revenue as a result of outbreak have limited the Company's ability to generate sales, however, it is not possible to-reliably estimate the length and severity of these impacts on the financial results and condition of the future periods and management's going concern assumption as disclosed in note 2.

iii. On April 17, 2020, the Company received $40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after January 1, 2021; $10,000 (25%) of the $40,000 loan is eligible for complete forgiveness if $30,000 is fully repaid on or before December 31, 2022. Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, you may repay some or all of the loan at any time.

iv. The Company also got Canadian Emergency Wages Subsidy ("CEWS") from the government assistant subsequent to year end due to the impact from global pandemic – COVID 19. The amount of CAD 15,629 was received on May 20, 2020 for the period of March 15, 2020 to April 10, 2020 wages subsidy and the amount of CAD 15,629 was received on Jun 10, 2020 for the period of April 11, 2020 to May 8, 2020.

v. In May 2020, 1,100,000 stock options have expired. The holder has not exercised any stock options prior to the expiration.