IMAGING DYNAMICS COMPANY LTD.

FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED JUNE 30, 2018

Your Global Medical Imaging Technology Provider

Management Report

To the Shareholders of Imaging Dynamics Company Ltd.:

The accompanying condensed consolidated interim financial statements for the six months ended June 30, 2018 of Imaging Dynamics Company Ltd. (the "Company") are the responsibility of Management. The condensed consolidated interim financial statements have been prepared by Management in accordance with International Financial Reporting Standards ("IFRS") and include certain estimates that reflect Management's best judgment. The Corporation's auditors have not reviewed or audited these condensed consolidated interim financial statements.

Management is also responsible for a system of internal controls which is designed to provide reasonable assurance that the Company's assets are safeguarded and accounting systems provide timely and accurate financial reports.

Signed: *"Yucheng Zhou"*

Yucheng Zhou

President and Chief Executive Officer

August 28, 2018

Signed: "*Rong Xue*"

Rong Xue

Chief Financial Officer

Imaging Dynamics Company Ltd.

Condensed Consolidated Interim Statements of Financial Position

(unaudited, expressed in Canadian dollars)

As at	Note *		June 30, 2018		December 31, 2017
Assets					
Current					
Cash and cash equivalents		**$**	**100,037**	$	53,177
Trade and other receivables	5		**179,333**		141,573
Inventory	6		**749,220**		866,853
Prepaid expenses and other			**51,057**		28,968
			1,079,647		1,090,571
Non-current assets					
Property, plant and equipment	7		**517,120**		598,805
Intangible assets	8		**518,225**		474,659
Investment	20		**5,248,750**		5,957,553
Total Assets		**$**	**7,363,742**	$	8,121,588
Liabilities					
Current					
Trade and other payables	9 and 18	**$**	**2,479,295**	$	1,926,238
Customer deposits			**734,644**		24,955
Convertible debenture			**17,706,036**		12,034,707
Lease inducement			**11,548**		11,548
Warranty provision			**131,909**		120,304
			21,063,432		14,117,752
Long-term liabilities					
Convertible debentures	10		**-**		5,471,545
Lease inducement			**34,643**		40,416
Total Liabilities			**21,098,075**		19,629,713
Shareholders' deficiency					
Share capital	11		**78,147,450**		78,147,450
Share-based payments reserve	12		**7,186,107**		7,186,107
Contributed surplus	13		**5,507,196**		5,507,196
Deficit			**(104,575,086)**		(102,348,878)
			(13,734,333)		(11,508,125)
Total Liabilities and Shareholders' deficiency		**$**	**7,363,742**	$	8,121,588
Going concern	2				

* the accompanying notes are an integral part of these unaudited condensed unconsolidated interim financial statements

On behalf of the Board:

"Signed" Yucheng Zhou
Yucheng Zhou, Chief Executive Officer

"*Signed*" *Paul Lin*
Paul Lin, Director

Imaging Dynamics Company Ltd.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(unaudited, expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Note*	**2018**	2017	**2018**	2017
Revenues		**$ 251,693**	$244,054	**$ 465,426**	$601,178
Cost of sales		**133,444**	185,307	**260,211**	454,599
Gross profit		**118,249**	58,747	**205,215**	146,579
Expenses					
Sales and marketing		**74,194**	118,471	**143,116**	227,272
General and administrative	16	**216,414**	670,340	**433,799**	1,117,930
Research and development		**128,016**	43,818	**263,834**	102,996
Foreign exchange loss (gain)		**4,497**	(3,493)	**11,900**	(11)
Warranty provision		**6,262**	9,830	**11,605**	16,526
Depreciation of property, plant and equipment	7	**38,655**	29,583	**81,684**	56,155
Amortization of intangible assets	8	**24,148**	16,882	**45,797**	33,765
		492,186	885,431	**991,735**	1,554,633
Loss before others		**(373,937)**	(826,684)	**(786,520)**	(1,408,054)
Loss from investment in subsidiarie	20	**(385,187)**	**(315,115)**	**(708,803)**	**(578,126)**
Finance costs					
Interest expense		**367,541**	368,893	**730,885**	734,232
Interest and other income		**-**	(754)	**-**	(5,391)
Income before taxes		**(1,126,665)**	(1,509,938)	**(2,226,208)**	(2,715,021)
Deferred tax recovery		**-**	-	**-**	-
Net loss		**(1,126,665)**	(1,509,938)	**(2,226,208)**	(2,715,021)
Net loss per share, basic and diluted	14	**$ (0.02)**	(0.03)	**$ (0.04)**	(0.05)

* the accompanying notes are an integral part of these unaudited condensed unconsolidated interim financial statements

Imaging Dynamics Company Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(unaudited, expressed in Canadian dollars)

	Note*	Share Capital	Share-based payments reserve	Contributed surplus	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2016		$78,147,450	$7,186,107	$5,507,196	($96,228,675)	($5,387,922)
Loss for the year		-	-	-	(6,120,203)	(6,120,203)
Balance December 31, 2017		**78,147,450**	**7,186,107**	**5,507,196**	**(102,348,878)**	**(11,508,125)**
Loss for the year		**-**	**-**	**-**	**(2,226,208)**	**(2,226,208)**
Balance June 30, 2018		**$78,147,450**	**$7,186,107**	**$5,507,196**	**($104,575,086)**	**(13,734,333)**

* the accompanying notes are an integral part of these unaudited condensed unconsolidated interim financial statements

Imaging Dynamics Company Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited, expressed in Canadian dollars)

	Note*	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash provided by (used in):					
Operating activities					
Net loss		**($1,126,665)**	($1,509,938)	**($2,226,208)**	($2,715,021)
Items not affecting cash:					
Depreciation of property, plant & equipment		**38,655**	29,583	**81,684**	56,155
Amortization of intangible assets		**24,148**	16,882	**45,797**	33,765
Loan accretion and accrued interest		**367,541**	368,893	**730,885**	734,232
Loss from investment in subsidiaries		**385,187**	315,115	**708,803**	578,126
		(311,134)	(779,465)	**(659,039)**	(1,312,743)
Change in non-cash working capital	15	**396,623**	80,721	**795,263**	(738,236)
		85,489	(698,744)	**136,224**	(2,050,979)
Investing activities					
Additions to property, plant and equipment	7	**-**	(205,915)	**-**	(303,767)
Additions to intangible assets	8	**(57,343)**	(271,091)	**(89,364)**	(379,917)
		(57,343)	(477,006)	**(89,364)**	(683,684)
Financing activities					
Convertible debentures, net of issue costs		**-**	(963)	**-**	(963)
Acquisition of non controlling interest		**-**	-	**-**	-
		-	**(963)**	**-**	(963)
Net (decrease) increase in cash and cash equivalents		**28,146**	(1,176,713)	**46,860**	(2,735,626)
Cash and cash equivalents beginning of period		**71,891**	1,463,133	**53,177**	3,022,047
Cash and cash equivalents end of period		**$100,037**	$286,420	**$100,037**	$286,421

* the accompanying notes are an integral part of these unaudited condensed consolidated interim 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.

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

During year 2017, Shanghai IDC Healthcare Co. ("IDC Shanghai"), a wholly owned subsidiary, entered into a financing arrangement in China. The financing was approved by the Chinese government authorities on May 2nd, 2018. 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 Shanghai IDC Thus, IDC Shanghai's financials are not consolidated, and equity method is adopted to included accumulated financial operation result in prior years. The equity method of investment is described in Note 20.

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 June 30, 2018, the Company had negative working capital of $19,987,666 (working capital at December 31, 2017 – negative $13,027,181), positive cash flows from operating activities for the six months period ended at June 30, 2018 as of $136,224 (year ended December 31, 2017 – negative $2,784,562) and a net loss for the period of $2,226,208 (year ended December 31, 2017 – $6,754,290) and deficit at June 30, 2018 of $104,575,086 (December 31, 2017– $102,348,878). The ability of the Company to continue as a going concern will depend on attaining a satisfactory revenue level, the generation of cash from operating activities, and the ability to secure additional new financing arrangements and new capital, the outcome of which is uncertain.

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 condensed consolidated financial statements ("interim financial statements") were authorized for issuance by the Board of Directors on August 28, 2018. The Company prepared these interim

3. Basis of preparation*(continued)*

financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC") in effect at January 1, 2017.

The interim financial statements do not include all information and disclosures normally provided in annual financial statements and should be read in conjunction with the Company's year ended

December 31, 2017 audited consolidated financial statements available at www.sedar.com. The Company has prepared these interim financial statements using the same accounting policies and critical accounting estimates applied in the Company's year ended audited consolidated financial statements.

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 subsidiaries 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

3. Basis of preparation*(continued)*

5). Any uncertainty in these assumptions could impact the value of the trade and other receivables 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 7 and 8). 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.

3. Basis of preparation*(continued)*

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.

Internally generated intangible assets – Management monitors the progress of each internal research and development project. Significant judgment is required to distinguish between the research and development phases. The accounting for research and development costs is described in Note 4 m. Management also monitors whether the recognition requirements for development assets continue to be met and whether there are any indicators that capitalized costs may be impaired. Upon satisfying the recognition requirements for development activities, management assesses the useful life of the long-lived assets in addition to assessing for impairment.

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., and 1370509 Alberta Inc.

During year 2017, Shanghai IDC Healthcare Co. ("IDC Shanghai"), a wholly owned subsidiary, entered into a financing arrangement. The financing arrangement will result in the Company losing control of IDC Shanghai. The financing was approved by government on May 2nd, 2018. Thus, IDC Shanghai's financials are not consolidated, and equity method is adopted to included accumulated financial operation result in prior years.

(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.

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

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. 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 straight line
Office equipment	20% declining balance straight line
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 10-year period on a straight-line basis, software is amortized on a 30% 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 prospectively if appropriate.

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

f) Impairment

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated statement of operations and comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of operations and comprehensive loss.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the asset's recoverable amount is determined. For goodwill and other intangible assets that have indefinite lives or that are not yet available for use, an impairment test is completed each year.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or Cash Generating Units ("CGU"). The recoverable amount of an asset or a Cash Generating Units ("CGU") is the greater of its value in use and its fair value less costs of disposal.

In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations and comprehensive loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the impairment has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

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

g) Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are identified by the Company through a review of typical financial transactions and risk management activities. Once identified, the financial instruments are classified and measured as disclosed below.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss (“FVTPL”)

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The Company has no items classified in this category.

Financial instruments at FVTPL are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of operations and comprehensive loss. Gains and losses arising from changes in fair value are presented in the consolidated statement of operations and comprehensive loss with other gains or losses in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company’s loans and receivables are comprised of trade and other receivables and cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method.

(iii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include trade and other payables, deferred financing, current portion of long-term debt, convertible debentures and loan payable balances. Trade and other payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method.

All other financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months of the statement of financial position date. Otherwise, they are presented as non-current liabilities.

Compound Financial Instruments:

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

Compound financial instruments, namely the convertible debentures, are split into separate liability and equity components in accordance with the substance of the contractual arrangement. The liability component of the compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component (the residual value). Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

h) Provisions

A 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

Substantially all the revenue earned is the result of equipment sales. Revenue related to equipment sales is recognized when all the following conditions have been satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue has been recorded on a gross basis as the Company acts as principal by:

- bearing the primary responsibility to provide the goods and fulfill the order;
- incurring inventory risk;
- establishing prices; and,
- bearing credit risk.

Revenue has been recognized for “bill & hold” transactions when all of the following conditions have been satisfied:

- The buyer must have taken title to the goods and accepted billing;
- It must be probable that delivery will take place;

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

- The goods must be on hand, identified and be ready for delivery to the buyer at the time the sale is recognized; and
- The buyer must specifically acknowledge the deferred delivery instructions. The usual payment terms must apply.

The Company uses an indirect distribution strategy whereby substantially all of the Company's revenues are earned through independent dealers and distributors and original equipment manufacturer ("OEM") partners. For the majority of the sales, the dealers and OEM's are responsible for installation and after sales service to the end user. Once the equipment is shipped and title has transferred to the dealer or OEM, the Company does not have any contractual obligation to ensure the equipment's proper installation and functioning.

j) Deferred revenue

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 deferred revenue are payments received in advance associated with the sale of the Company's products.

Deposits that has 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 is reflected in non-current liabilities as long-term deferred revenue. The Company has no long-term deferred revenue at March 31, 2018 or December 31, 2017.

k) Segment reporting

The Company is organized into two sales geographic areas within two operating segment consisting of China and the Americas. These regions are organized to manage sales and distribution channels and are currently 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 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 follows the liability method of accounting for deferred taxes. Under this method deferred tax is recognized 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

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

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.

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 other comprehensive income ("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

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

pricing model and management's assumptions as disclosed in Note 14. 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 or loss 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) Accounting standards adopted

The Company adopted the following standards or amendments that were effective at January 1, 2017:

IAS 7 Statement of Cash Flows

In January 2016, the IASB issued Disclosure Initiative – Amendments to IAS 7 *Statement of Cash Flows*, which require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard is effective for annual periods beginning on or after January 1, 2017.

IAS 12 Income Taxes

In January 2016, the IASB issued amendments to IAS 12 *Income Taxes*, clarifying the accounting for deferred tax assets for unrealized losses. Entities must consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how to determine future taxable profits and explains the circumstances whereby taxable profit may include the recovery of some assets for more than their carrying amount. This standard is effective for periods beginning on or after January 1, 2017. The company is currently evaluating the impact.

r) Accounting standards not adopted

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

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. IFRS 9 also

(unaudited, expressed in Canadian dollars)

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

requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. This standard is mandatorily effective from January 1, 2018, with earlier application permitted. The company is currently evaluating the impact.

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

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

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

The Company is currently assessing the impact of the new standards on these consolidated financial statements.

5. Trade and other receivables

	Note	**June 30, 2018**	December 31, 2017
Trade receivables	18	**$179,333**	$147,050
GST and other		**-**	(5,477)
		$179,333	$141,573

Allowance for doubtful accounts of $237,296 (December 31, 2017 - $216,823) has been netted against trade receivables (see Note 18).

(unaudited, expressed in Canadian dollars)

6. Inventory

	June 30, 2018	December 31, 2017
Inventory net of allowance for obsolescence	**$749,220**	$866,853

Included in inventory is $485,223 (2017 - $508,256) of purchased components and $263,997(2017 - $358,597) of finished goods. During the six-month period ended June 30, 2018, the Company recorded a provision for inventory obsolescence of $390,117- (year ended December 31, 2017 – negative $390,117).

7. Property, plant and equipment

Cost	**Technical, lab and computer equipment**	**Leasehold improvements**	**Office equipment**	**Tradeshow equipment**	**Total**
Balance, December 31, 2016	$1,993,717	$341,107	$503,727	$1,105,076	$3,943,627
Additions	-	110,554	1,208	187,117	298,879
Disposals	-	-	-	-	-
Balance, December 31, 2017	1,993,717	451,661	504,935	1,292,193	4,242,506
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance, June 30, 2018	**1,993,717**	**451,661**	**504,935**	**1,292,193**	**4,242,506**
Accumulated depreciation					
Balance, December 31, 2016	$1,937,600	$13,274	$448,577	$1,099,350	$3,498,801
Depreciation	31,833	73,080	15,104	24,883	144,900
Disposals	-	-	-	-	-
Balance, December 31, 2017	1,969,433	86,354	463,681	1,124,233	3,643,701
Depreciation	10,388	40,345	6,816	24,136	81,685
Disposals	-	-	-	-	-
Balance, June 30, 2018	**1,979,821**	**126,699**	**470,497**	**1,148,369**	**3,725,386**
Net book value as at:					
December 31, 2017	$24,284	$365,307	$41,254	$167,960	$598,805
June 30, 2018	**$13,896**	**$324,962**	**$34,438**	**$143,824**	**$517,120**

(unaudited, expressed in Canadian dollars)

8. Intangible assets

Cost	Software	Digital X-ray technology patents, development, and licenses	Total
Balance, December 31, 2016	$744,567	$2,195,528	$2,940,095
Additions	-	482,404	482,404
Disposal	-	(772,869)	(772,869)
Balance, December 31, 2017	$744,567	$1,905,063	$2,649,630
Additions	-	89,364	89,364
Balance, June 30, 2018	**$744,567**	**$1,994,427**	**$2,738,994**
Accumulated amortization			
Balance December 31, 2016	729,021	1,506,044	$2,235,065
Amortization	6,555	16,638	23,193
Disposal	-	(83,286)	(83,286)
Balance, December 31, 2017	$735,576	$1,439,396	2,174,972
Amortization	3,276	42,521	45,797
Balance, June 30, 2018	**$738,852**	**$1,481,917**	**$2,220,769**
Net book value as at:			
December 31, 2016	$8,991	$465,667	$474,658
June 30, 2017	**$5,715**	**$512,510**	**$518,225**

9. Trade and other payables

As at	**June 30, 2018**	December 31, 2017
Trade payables	**$389,996**	$261,181
Interest payable	**1,713,441**	1,234,842
Other payables and accruals	**375,858**	430,215
Trade and other payables	**$2,479,295**	$1,926,238

(unaudited, expressed in Canadian dollars)

10. Convertible Debentures

As at	**June 30, 2018**	December 31, 2017
Convertible debentures, face value		
September 28, 2015 offering	**$ 6,250,000**	$ 6,250,000
January 22, 2016 offering	**5,750,000**	5,750,000
October 7, 2016 offering	**6,000,000**	6,000,000
June 8, 2017 partial redemption	**(150,000)**	(150,000)
	$17,850,000	$17,850,000
Equity portion of debentures	**(944,564)**	(944,564)
Amortization of discount	**907,405**	707,621
Issue costs	**(106,805)**	(106,805)
Balance, convertible debentures	**17,706,036**	17,506,252
Less current Portion	**(17,706,036)**	(12,034,707)
	$ -	$ 5,471,545

During 2015 and 2016, the Company completed the following non-brokered private placement financings of convertible debentures as described below. 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 six 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 six-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.

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 six 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.

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.

(unaudited, expressed in Canadian dollars)

10. Convertible Debentures (*continued*)

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 Oct 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.

All per share amounts have been adjusted for a 5 to 1 consolidation that took place in June 2016 (see note 14).

11. Share capital

a) Authorized:

An unlimited number of common shares
An unlimited number of non-voting redeemable preferred shares

b) Issued and outstanding:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of shares	**Amount**	Number of shares	Amount
Balance, beginning and end of period	**58,857,656**	**$78,147,450**	58,857,656	$78,147,450

i. At a Special Meeting on February 29, 2016, the shareholders approved the Board of Directors to effect a consolidation (or reverse stock split) of the outstanding Common Shares (the "Share Consolidation") at a consolidation ratio of one (1) for five (5) (being one (1) post-consolidation common share for every five (5) pre-consolidation common shares). The Share Consolidation was completed on June 29, 2016 and as a result there were 58,857,656 common shares outstanding at June 30, 2016 and forward.

12. 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.

There were no stock options granted in the year ended December 31, 2017 or in the six month period ended June 30, 2018.

As at June 30, 2018, 4,185,766 common shares (December 31, 2017 – 4,185,766) remain in reserve. Under the Stock Option Plan, the following options are outstanding as at the dates shown as follows:

(unaudited, expressed in Canadian dollars)

12. Share-based payments *(continued)*

	June 30, 2018		December 31, 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**1,700,000**	**$0.25**	1,754,400	$0.26
Cancelled / expired in the period	**-**	**-**	(54,400)	$0.50
Balance, end of period	**1,700,000**	**$0.25**	1,700,000	$0.25
Options exercisable at the end of the period	**1,700,000**	**$0.25**	1,700,000	$0.25

Since December 31, 2015, the share-based payments reserve with respect to share-based compensation is $7,186,107.

Stock option plan

The following table summarizes information of the Company's Stock Option Plan as at June 30, 2018:

	Options outstanding			Options exercisable	
Range of exercise price in dollars	Number outstanding	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
up to $0.25	1,700,000	22.6	$0.25	1,700,000	$0.25

The following table summarizes information of the Company's Stock Option Plan as at December 31, 2017:

	Options outstanding			Options exercisable	
Range of exercise price in dollars	Number outstanding	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
up to $0.25	1,700,000	28.6	$0.25	1,700,000	$0.25

There are no stock options granted in the period of 2018 and in the year ended December 31, 2017.
* All numbers have been adjusted for 5:1 consolidation completed June 29, 2016.

13. Contributed surplus

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

	June 30, 2018	**December 31, 2017**
Balance, beginning and end of period	**$5,507,196**	**$5,507,196**

(unaudited, expressed in Canadian dollars)

14. Per share amounts

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

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	**2018**	2017
Net loss for the period attributable to owners of the Company	**($1,126,665)**	**($1,509,938)**	**($2,226,208)**	**($2,715,021)**
Weighted average number of common shares outstanding	**58,857,656**	58,857,656	**58,857,656**	58,857,656
Basic and diluted loss per share	**($0.02)**	($0.03)	**($0.04)**	($0.05)

In calculating diluted common share numbers for the six-month period ended June 30, 2018, the Company excluded 1,700,000 outstanding options (2017 – 1,700,000), nil warrants and 147,833,333 (2017 – 147,833,333) shares issuable on conversion of convertible debentures because they were anti-dilutive. On February 23, 2017, 10,000,000 of stock warrants expired.

* All numbers have been adjusted for 5:1 consolidation completed June 29, 2016.

15. Supplementary information

Change in non-cash working capital:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	**2018**	2017
Trade and other receivables	**(29,973)**	(70,933)	**(37,760)**	(299,466)
Inventory	**62,437**	(1,532)	**117,633**	106,038
Prepaid expenses and other	**(29,316)**	216,168	**(22,089)**	19,660
Trade and other payables	**(80,396)**	(40,947)	**21,958**	(543,577)
Customer deposits	**470,495**	(28,978)	**709,689**	(31,616)
Lease inducement	**(2,886)**	(2,887)	**(5,773)**	(5,774)
Warranty provision	**6,262**	9,830	**11,605**	16,499
	$396,623	$80,721	**$795,263**	($738,236)

16. Related party transactions

The following transactions were entered into with related parties during the six month period ended June 30, 2018:

a) Officers and a private corporation controlled by an officer of the Company provided $10,533,754 of the total $17,850,000 principal of convertible debentures financing raised in 2015 and 2016. The Company incurred 6% coupon interest expense of $316,313 (2017 - $317,639) on the portion of these Convertible

(unaudited, expressed in Canadian dollars)

16. Related party transactions(*continued*)

Debentures held by the related parties, of which $535,500 (2017 - $535,391) is included in trade and other payables. The terms of these transactions with those related parties were the same as those with arms-length participants.

b) 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 six months ended June 31, 2018 and 2017 was as follows: The terms of these transactions with those related parties were the same as those with arms-length participants

For the six months ended June 30,	**2018**	2017
Salaries / compensation	$156,667	$369,033
Share-based compensation	**-**	-
Total for the period	**$156,667**	$369,033

17. 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	**June 30, 2018**	**December 31, 2017**
Convertible debentures	**$17,706,036**	$17,506,252
Shareholders' deficiency	**(13,734,333)**	(11,508,125)
	$3,971,703	$5,998,127

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new equity or issue new debt.

18. 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.

(unaudited, expressed in Canadian dollars)

18. 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, current portion of long-term debt, deferred financing and loan payable 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 six levels of fair value hierarchy. The six 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 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 Dollar 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 June 30, 2018 and December 31, 2017, there were no foreign exchange contracts outstanding.

At June 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

	US Dollars ($)	CNY (¥)
Cash and equivalents	57,173	1,963
Trade accounts and loans receivable	316,411	-
Trade accounts and loans payable	(266,899)	-
	106,685	1,963

At December 31, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

(unaudited, expressed in Canadian dollars)

18. Financial risk management *(continued)*

	US Dollars ($)	CNY (¥)
Cash and equivalents	8,287	52,955
Trade accounts and loans receivable	286,158	
Trade accounts and loans payable	(108,406)	
	186,039	52,955

Based on the above net exposures as at June 30, 2018 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 $14,087 (year ended December 31, 2017 - $24,360) in the Company's net loss for the period.

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.

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

At June 30, 2018, the Company has a total allowance for doubtful accounts of $237,296 (December 31, 2017 - $216,823).

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

Aging of trade receivables as at June 30, 2018 and December 31, 2017 is represented as follows:

(unaudited, expressed in Canadian dollars)

18. Financial risk management *(continued)*

	June 30, 2018	December 31, 2017
Not past due	**$43,008**	$8,150
Past due 31 - 90 days	**12,944**	41,790
Over 91 days	**360,677**	313,933
	416,629	363,873
Allowance for doubtful accounts	**(237,296)**	(216,823)
	$179,333	$147,050

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

	June 30, 2018	December 31, 2017
Opening balance	**$216,823**	$199,098
Bad debt expense		36,484
Foreign Exchange	**20,473**	(18,759)
Closing balance	**$237,296**	$216,823

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.

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 Company is also seeking to raise additional capital through equity markets, debt markets or other innovative financing arrangements.

The following are the contractual maturities of financial liabilities and other commitments as at June 30, 2018:

Financial liabilities and commitments	**< One Year**	**> One Year**
Convertible debentures	**$17,709,917**	**-**
Trade and other payables	**$2,479,295**	**-**
Total	**$20,189,212**	**-**

(unaudited, expressed in Canadian dollars)

18. Financial risk management*(continued)*

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2017:

Financial liabilities and commitments	< One Year	> One Year
Convertible debentures	12,034,707	$5,475,426
Trade and other payables	$1,926,238	-
Total	$13,960,945	$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.

19. 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.

Segmented revenues for the six-month periods ended June 30, 2018 and 2017 are as follows:

	China	Americas	Total
Three months ended June 30,			
2018	**$51,432**	**$200,261**	**$251,693**
2017	-	$244,054	**$244,054**
Six months ended June 30,			
2018	**$113,006**	**$352,420**	**$465,426**
2017	$70,632	$530,548	**$601,180**

(unaudited, expressed in Canadian dollars)

20. Investment

During year 2017, 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 Company held 20% of the voting shares in IDC Shanghai IDC after the financing arrangement and presumed has a significant influence in IDC Shanghai IDC. Therefore, equity method is adopted whereby the investment is initially recognized at cost as $8,056,218 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. The changes in 20% of IDC Shanghai’s net assets and net loss included in the Company’s income and investment are as follows:

	June 30, 2018	December 31, 2017
20% of net loss in IDC Shanghai	**($708,803)**	($1,446,778)
Accumulated net change in IDC Shanghai net assets	**(2,807,468)**	(2,098,665)