



**CONSOLIDATED INTERIM CONDENSED
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND
SIX MONTHS ENDED

JUNE 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Pool Safe Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Pool Safe Inc.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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Pool Safe Inc.
Consolidated Interim Condensed Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

AS AT	Note	June 30, 2017 (unaudited)	December 31, 2016
ASSETS			
Current			
Cash and cash equivalents		\$ 325,496	\$ 10,751
Prepays and other receivables	4	91,767	27,669
Inventory	5	50,415	10,933
		467,678	49,353
Patent design and costs	7	155,936	187,847
Equipment	6	188,752	161,942
Revenue share assets	8	152,016	133,579
TOTAL ASSETS		\$ 964,382	\$ 532,721
LIABILITIES AND EQUITY			
Current			
Trade payables and other liabilities	9	\$ 175,955	\$ 247,678
Current portion of long-term debt	10	56,076	56,076
Total current liabilities		232,031	303,754
Long-term debt		3,819	171,857
Total liabilities		235,850	475,611
Going concern	2(a)		
Guarantee	10		
Commitments and contingencies	13		
Subsequent event	19		
Shareholders' Equity			
Share capital	11	2,310,674	980,470
Warrants	11	93,917	-
Reserves		132,899	-
Accumulated deficit		(1,808,959)	(923,360)
Total equity		728,531	57,110
TOTAL LIABILITIES AND EQUITY		\$ 964,381	\$ 532,721

These financial statements are approved on behalf of the Board of Directors:

(Signed) "David Berger"

Director

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.
Consolidated Interim Condensed Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2017 \$	2016 \$	2017 \$	2016 \$
Revenue		92,050	11,286	126,816	31,621
Cost of Sales		82,816	(213)	103,167	18,600
Gross Profit		9,234	11,499	23,649	13,021
Expenses					
Selling, general and administrative		277,580	118,460	307,615	192,493
Stock-based compensation		132,534	-	132,534	-
Public listing fee		459,885	-	459,885	-
Professional fees		2,387	44,583	5,150	60,718
Regulatory fees		9,960	-	9,960	-
Advertising and promotion		296	4,158	359	9,354
Depreciation		477	8,750	954	16,870
Foreign exchange		1,089	(1,347)	1,347	(1,353)
Gain on debt repayment		(17,018)	-	(17,018)	-
Interest on loan payable		7,289	2,047	8,462	4,031
		874,480	159,141	909,248	282,113
Net loss and comprehensive loss		(865,246)	(147,642)	(885,599)	(269,092)
Weighted average shares outstanding, basic	16	44,471,403	36,911,532	45,631,662	37,103,472
Basic loss per share	16	(0.02)	(0.00)	(0.02)	(0.01)
Weighted average shares outstanding, diluted	16	44,471,403	36,911,532	45,631,662	37,103,472
Diluted loss per share	16	(0.02)	(0.00)	(0.02)	(0.01)

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.
Consolidated Interim Condensed Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Number of shares	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total
Balance at June 30, 2015		34,408,724	\$ 605,470	\$ -	\$ -	\$ (299,451)	\$ 306,019
Shares issued via private placement - July 15, 2015		285,684	20,000	-	-	-	20,000
Shares issued via private placement - August 4, 2015.		714,308	50,000	-	-	-	50,000
Shares issued via private placement - October 23, 2015		714,308	50,000	-	-	-	50,000
Net loss		-	-	-	-	(98,723)	(98,723)
Balance at December 31, 2015		36,123,024	725,470	-	-	(398,174)	327,296
Shares issued via private placement - January 15, 2016		714,308	50,000	-	-	-	50,000
Shares issued via private placement - March 31, 2016		1,071,420	75,000	-	-	-	75,000
Shares issued via private placement - June 9, 2016		1,142,848	80,000	-	-	-	80,000
Net loss		-	-	-	-	(269,092)	(269,092)
Balance at June 30, 2016		39,051,600	930,470	-	-	(667,266)	233,204
Shares issued via private placement - July 22, 2016		714,308	50,000	-	-	-	80,000
Net loss		-	-	-	-	(256,094)	(256,094)
Balance at December 31, 2016		39,765,908	980,470	-	-	(923,360)	57,110
Units issued via private placement - April 18, 2017		11,052,040	969,785	93,917	-	-	1,063,702
Shares issued to acquire public listing - April 18, 2017		1,786,923	184,443	-	-	-	184,443
Shares issued to repay debt - April 18, 2017		1,704,892	175,976	-	-	-	175,976
Stock-based compensation		-	-	-	132,534	-	132,534
Net loss		-	-	-	-	(885,599)	(885,599)
Balance at June 30, 2017		54,309,763	\$ 2,310,674	\$ 93,917	\$ 132,534	\$(1,808,959)	\$ 728,531

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.
Consolidated Interim Condensed Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Six months ended June 30,	
		2017	2016
Operating activities			
Net loss		\$ (885,599)	\$ (269,092)
Items not affecting cash:			
Stock-based compensation		132,534	-
Foreign exchange		366	(47)
Gain on debt repayment for shares		17,018	-
Depreciation		27,110	16,870
		(708,571)	(252,269)
Net changes in non-cash working capital:			
Increase (decrease) in prepaids and other receivables		(64,098)	(5,867)
Increase inventory		(39,482)	(19,739)
Increase (decrease) in trade payables and other liabilities		(71,723)	61,642
Cash flows used in operating activities		(883,874)	(216,233)
Investing activities			
Purchase of equipment		(40,446)	(6,788)
Purchase of patent and design costs, net of tax credits	7	-	(1,630)
Cash flows used in investing activities		(40,446)	(8,418)
Financing activities			
Repayment of long-term debt		(168,038)	(60,585)
Proceeds from long-term debt		-	-
Proceeds from issuance of share capital		1,407,103	299,475
Cash flows provided by financing activities		1,239,065	238,890
Net change in cash		314,745	14,239
Cash - beginning of period		10,751	12,226
Cash - end of period		\$ 325,496	\$ 26,465

The accompanying notes are an integral part of these financial statements

1. Nature of business

Pool Safe Inc. ("Pool Safe" or the "Company"), was incorporated under the Business Corporations Act (Ontario) on October 27, 2011. Pool Safe is an exclusive product which offers security, convenience and guest services all bundled in one product. Pool Safe's head office is located at 401 Magnetic Drive, Unit 14, Toronto, Ontario, M3J 3H9.

Effective December 31, 2016, the financial year end of the Company changed from June 30 of each year to December 31.

2. Basis of presentation

(a) Going concern

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity or debt financing or through the sale of its products to at a profit. Since inception the Company has incurred losses which as of June 30, 2017 totals \$1,808,959 (December 31, 2016 - \$923,360). In addition, the Company has working capital in the amount of \$235,647 (December 31, 2016 – deficiency of \$254,401). There are no assurances that the Company will be successful in achieving these goals. These circumstances cast significant doubt on the Company's ability to continue as going concern and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

(b) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The same accounting policies and methods of computation are followed in these consolidated interim condensed financial statements as compared with the most recent annual consolidated financial statements as at and for the period ended December 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2017 could result in restatement of these consolidated interim condensed financial statements.

The policies applied in these unaudited consolidated interim condensed financial statements are based on IFRS issued and outstanding as of August 28, 2017, the date the Board of Directors approved the statements.

(c) Basis of measurement

Apart from certain assets and liabilities measured at fair value as required under certain IFRS's, the financial statements have been presented and prepared on the basis of historical cost.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(e) Estimates and critical judgments by management

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Items for which actual results may differ materially from these estimates are described in the following section.

(i) Useful lives of equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

- (ii) Fair value of financial assets available for sale
Financial assets available for sale consist of privately held investments. Determination of the fair values of privately held investments requires the Company to make various assumptions about the future prospects of the investees, the economic, legal, and political environment in which the investees operate, and the ability of the investees to obtain financing to support their operations. As a result, any value estimated may not be realized or realizable, and the values may differ from values that would be realized if a ready market existed.

- (iii) Income taxes
Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

- (iv) Date of commencement of commercial production
The date noted as the date of the beginning of commercial production (June 1, 2015) reflects management's best estimate based on facts available.

3. New and revised standards and interpretations issued but not yet effective

(a) IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The effective date of this standard is January 1, 2018. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its financial statements.

(b) IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its financial statements.

(c) AMENDMENTS TO IAS 7

IAS 7 amendments include additional disclosures to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments become effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments as of the effective date. The Company is currently analyzing the possible impact of the amendments on its financial statements.

(d) IFRS 16 LEASES

IFRS 16 was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied to leases, with required recognition of assets and liabilities for most leases. This standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if the Company is also applying IFRS 15, Revenue from Contracts with Customers. The Company is currently evaluating the impact of the adoption of this new standard on its financial statements.

4. Prepaids and other receivables

Prepaids and other receivable is comprised of:

	June 30, 2017	Dec. 31, 2016
Trade receivables	\$ 42,161	\$ 15,401
Taxes receivable	48,546	11,208
Prepaids and deposits	1,060	1,060
	\$ 91,767	\$ 27,669

The following table shows the aging of the Company's trade receivables:

	June 30, 2017	Dec. 31, 2016
1 to 60 days	\$ 42,161	\$ 15,300
61 days and older	-	101
	42,161	15,401
Allowance for bad debts	-	-
	\$ 42,161	\$ 15,401

The Company considers all trade receivables to be collectable and has not made any allowance for doubtful accounts as at June 30, 2017 nor December 31, 2016.

5. Inventory

The following comprises inventory:

	June 30, 2017	Dec. 31, 2016
Raw materials	\$ 50,415	\$ 10,933
Finished goods	-	-
	\$ 50,415	\$ 10,933

There was no write-down of inventory during the periods ended June 30, 2017 nor December 31, 2016. During the period ended June 30, 2017, \$103,167 (June 30, 2016 - \$18,600, December 31, 2016, \$36,852) of inventory was expensed as cost of sales.

6. Equipment

June 30, 2017

Cost	Balance at Dec. 31, 2016	Additions	As at June 30, 2017
Furniture and equipment	\$ 3,096	\$ 1,110	\$ 4,206
Computer equipment	1,367	-	1,367
Manufacturing equipment tooling and molds	203,788	975	204,763
Leasehold improvement	5,730	6,565	12,295
Equipment	\$ 213,981	\$ 8,650	\$ 222,631
	Balance at Dec. 31, 2016	Additions	As at June 30, 2017
Accumulated depreciation			
Furniture and equipment	\$ 853	\$ 224	\$ 1,077
Computer equipment	325	156	481
Manufacturing equipment tooling and moulds	21,512	6,793	28,305
Leasehold improvement	3,442	574	4,016
	\$ 26,132	\$ 7,747	\$ 33,879
Net book value	\$ 187,847		\$ 188,752

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(Unaudited)

June 30, 2016

Cost	Balance at Dec. 31, 2015	Additions	As at June 30, 2016
Furniture and equipment	\$ 49,951	\$ 7,651	\$ 57,602
Computer equipment	-	767	767
Manufacturing equipment tooling and moulds	203,788	-	203,788
Leasehold improvement	5,730	-	5,730
Equipment	\$ 259,469	\$ 8,418	\$ 267,887

Accumulated depreciation	Balance at Dec. 31, 2015	Additions	As at June 30, 2016
Furniture and equipment	\$ 6,855	\$ 9,380	\$ 16,235
Computer equipment	-	120	120
Manufacturing equipment tooling and moulds	1,130	13,590	14,720
Leasehold improvement	1,719	1,150	2,869
	\$ 9,704	\$ 24,240	\$ 33,944

Net book value	\$ 249,765		\$ 233,943
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7. Patent and design costs

	Balance at Dec. 31, 2016	Additions, net	As at June 30, 2017
Cost	\$ 180,203	\$ -	\$ 180,203
Accumulated amortization	(18,261)	(6,006)	(24,267)
Carrying value	\$ 161,942	\$ (6,006)	\$ 155,936

	Balance at Dec. 31, 2015	Additions, net	As at June 30, 2016
Cost	\$ 160,823	\$ 19,380	\$ 180,203
Accumulated amortization	(890)	(12,010)	(12,900)
Carrying value	\$ 159,933	\$ 7,370	\$ 167,303

The Company commenced amortization on June 1, 2015.

8. Revenue share assets

	Balance at Dec. 31, 2016	Additions, net	As at June 30, 2017
Cost	\$ 156,958	\$ 31,795	\$ 188,753
Accumulated amortization	(23,379)	(13,358)	(36,737)
Carrying value	\$ 133,579	\$ (18,437)	\$ 115,142

	Balance at Dec. 31, 2015	Additions, net	As at June 30, 2016
Cost	\$ -	\$ -	\$ -
Accumulated amortization	-	-	-
Carrying value	\$ -	\$ -	\$ -

9. Trade payables and other liabilities

Trade payables and accrued liabilities are comprised as follows:

	June 30, 2017	Dec. 31, 2016
Trade payables	\$ 79,412	\$ 232,678
Accrued liabilities	96,543	15,000
	<u>\$ 175,955</u>	<u>\$ 247,678</u>

The following table shows the aging of the Corporation's trade payables:

	June 30, 2017	Dec. 31, 2016
Current	\$ 56,129	\$ 136,357
>60 days	23,283	96,321
	<u>\$ 79,412</u>	<u>\$ 232,678</u>

10. Long-term debt

Shareholder loans, unsecured, with interest rates between 3% and 10%	\$ -
Bank loan bearing interest at the rate of prime plus 3.0% per annum, repayable in monthly principal repayments of \$4,673 plus interest, secured by a general security agreement over all assets of the Company and a personal guarantee from the majority shareholders amounting to 25% of the original loan balance. The loan matures on July 15, 2018.	59,895
Less: Current portion of long-term debt	<u>(56,076)</u>
	<u>\$ 3,819</u>

Principal repayments required in the next two years are as follows:

2017	\$ 56,076
2018	3,819
2019	-
	<u>\$ 59,895</u>

11. Share capital

(a) *Authorized*

An unlimited amount of common shares without par value.

An unlimited number of voting class "A" shares

(b) *Issued common shares*

	Number	Amount
Balance at July 1, 2014	33,694,024	\$ 555,470
Issuance of shares for cash (i)	714,700	50,000
Balance at June 30, 2015	34,408,724	605,470
Issuance of shares for cash (ii)	285,684	20,000
Issuance of shares for cash (iii)	714,308	50,000
Issuance of shares for cash (iv)	714,308	50,000
Issuance of shares for cash (v)	714,308	50,000
Issuance of shares for cash (vi)	1,071,420	75,000
Issuance of shares for cash (vii)	1,142,848	80,000
Balance at June 30, 2016	39,051,600	930,470
Issuance of shares for cash (viii)	714,308	50,000
Balance at December 31, 2016	39,765,908	980,470
Issuance of shares for public company shell (ix)	1,786,923	184,443
Issuance of shares for debt (x)	1,704,892	175,976
Issuance of units for cash (xi)	11,052,040	969,785
Balance at June 30, 2017	54,309,763	\$ 2,310,674

- (i) During October 2014, the Company issued 714,308 common shares for net proceeds of \$50,000.
- (ii) During July 2015, the Company issued 285,684 common shares for net proceeds of \$20,000.
- (iii) During August 2015, the Company issued 714,308 common shares for net proceeds of \$50,000.
- (iv) During October 2015, the Company issued 714,308 common shares for net proceeds of \$50,000.
- (v) During January 2016, the Company issued 714,308 common shares for net proceeds of \$50,000.
- (vi) During March 2016, the Company issued 1,071,420 common shares for net proceeds of \$75,000.
- (vii) During June 2016, the Company issued 1,142,848 common shares for net proceeds of \$80,000.
- (viii) During July 2016, the Company issued 714,308 common shares for net proceeds of \$50,000.
- (ix) During April 2017, the Company issued 1,786,923 common shares in exchange for all the shares of Pounder Venture Capital Corp., a publicly traded company (see Note 14). The shares had a deemed value of \$0.1132 each for a deemed exchange value of \$184,443.
- (x) During April 2017, as a component of the acquisition of Pounder Venture Capital Corp., the Company issued 1,704,892 common shares in exchange for \$192,994 of Pounder Venture Capital Corp. debt assumed (see Note 14). The shares had a deemed value of \$0.1132 each for a deemed exchange value of \$175,976.
- (xi) During April 2017, the Company issued 11,052,040 units for cash proceeds of \$1,251,250 (proceeds net of broker cash fees of \$48,394, and legal and other costs of \$139,154, were \$1,063,702). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately \$0.18 for a period until April 18, 2019. The net proceeds were allocated as \$969,785 to common shares and \$93,917 to warrants (Note 11(c)), based on a Black-Scholes valuation of the shares and warrants.

In addition, 427,476 broker units were issued. Each broker unit is exercisable into a unit of the Company at approximately \$0.1132 per broker unit. Each broker unit is comprised of one share and one half share warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately \$0.18 for a period until April 18, 2019.

Pool Safe Inc.
Notes to Consolidated Interim Condensed Financial Statements
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(b) **Warrants**

At June 30, 2017, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
427,476	\$0.11	April 18, 2019
5,526,020	\$0.18	April 18, 2019

Warrant transactions and the number of warrants outstanding are summarized as follows:

	June 30, 2017		Dec. 31, 2016
Balance, beginning of period	-		-
Issued	5,953,496	\$0.17	-
Exercised	—		-
Expired	—		-
Balance, end of period	5,953,496	\$0.17	-

The Company determined that the fair value of the warrant liability at April 18, 2017 related to the 5,526,020 warrants, using the Black-Scholes Options Pricing Mode, was \$93,917. The Company determined that the fair value of the broker warrant liability at April 18, 2017 related to the 427,476 warrants, using the Black-Scholes Options Pricing Mode, was \$13,806.

(b) **Stock options**

On April 19, 2017, the Company approved the 10% rolling stock option plan (the "Plan"). Pursuant to the Plan, the Company is entitled to grant options and reserve for issuance up to 10% of the shares issued and outstanding at the time of grant. The terms and conditions of any options granted, including the number and type of options, the exercise period, the exercise price and vesting provisions, are determined by the Compensation Committee which makes recommendations to the board of directors for their approval. The maximum term of options granted cannot exceed 10 years.

The TSXV's rules require the Plan to be approved annually by shareholders.

At June 30, 2017, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
129,942	\$0.40	April 18, 2018
4,200,000	\$0.11	June 2, 2022

Stock option transactions and the number of stock options outstanding are summarized as follows:

	June 30, 2017		December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	-		-	
Granted	4,329,942	\$ 0.12	-	
Exercised	-		-	
Cancelled/Expired	-		-	
Outstanding, end of period	4,329,942	\$ 0.12	-	
Exercisable, end of period	1,469,609	\$ 0.14	-	

The aggregate intrinsic value for options vested and for total options as of June 30, 2017 is \$nil (December 31,

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2016 - \$nil). The weighted average contractual term of stock options outstanding and exercisable as at June 30, 2017 is 4.9 years (December 31, 2016 - n/a).

The weighted average fair value of stock options granted, vested, and modified during the period ended June 30, 2017 was \$132,899 (year ended December 31, 2016 - n/a) which has been included in general and administrative expense (\$132,534) and Listing expense (\$365).

The following assumptions were used for the Black-Scholes valuation of stock options granted during the periods:

	June 30, 2017	Dec. 31, 2016
Risk-free interest rate	0.5%	-
Expected life	0.8 to 4.0 years	-
Annualized volatility	85%	-
Dividend rate	-	-

12. Related party transactions

The following is a summary of the Company's related party transactions during the year:

(a) Key management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	June 30, 2017	June 30, 2016
Short-term employee benefits, including salaries and fees	\$ 71,788	\$ 85,490
Stock-based compensation	126,223	-
Sub-contractors	3,150	20,000
	\$ 201,161	\$ 105,490

13. Commitments and contingencies

(a) The following is a summary of the Company's operating lease obligations due in future fiscal years:

2017	\$ 9,620
2018	19,240
2019	16,033
	\$ 44,893

(b) The Company is subject to a claim for damages related to an alleged breach of a non-disclosure document. The Company believes that the allegations contained in the statement of claim are without merit and plans to vigorously defend itself; accordingly, no provision for loss has been recognized.

14. Acquisition of Pounder Venture Capital Corp.

On April 19, 2017 the Company completed the acquisition of 100% ownership in the common shares of Pounder Venture Capital Corp. (Pounder), which provided the Company with a public listing on the TSX Venture Exchange. The Company assumed the net liabilities of Pounder and issued 1,786,923 new common shares at \$0.1132 from its treasury to pay for the acquisition of the Pounder common shares, for a total cost of shares issued of \$184,443. This acquisition has been recorded as an expense of acquiring a public listing in the period ended June 30, 2017, as it does not meet the definition of a business combination as defined in IFRS 3.

In connection with this transaction, the Company has incurred one-time transaction costs of \$ 17,083, which has been separately expensed.

The table below summarizes the fair value of the assets acquired and the liabilities assumed at the acquisition date, as well as the consideration paid:

Pool Safe Inc.
Notes to Consolidated Interim Condensed Financial Statements
Six Months ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

Consideration:

Common shares	\$ 184,443
Stock options	365
Total Consideration	<u>184,808</u>

Liabilities Acquired:

Accounts Payable	257,994
Transaction costs	17,083
Total Liabilities Acquired	<u>275,077</u>

Expense of public listing	<u>\$ 459,885</u>
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The Company's consolidated statements of comprehensive income include the result of operations for Pounder from its respective dates of acquisition to June 30, 2017.

15. Operating segment information

Management has determined that the Company's operations have similar economic characteristics, and are similar in the nature of products and services, production processes, types and classes of customer, methods of distribution and regulatory environment and as such have aggregated its operating units into a single reportable segment. The Company undertakes its operations in the U.S. and has no significant assets located or revenues generated outside the U.S. Therefore, no segment reporting is included in these financial statements.

16. Earnings (loss) per share

Basic and diluted loss per share are calculated using the following numerators and denominators:

Numerators	June 30, 2017	June 30, 2016
Loss attributable to common shareholders	\$ (885,599)	\$ (269,092)
Loss used in the computation of basic and diluted earnings per share	(885,599)	(269,092)

Denominators	June 30, 2017	June 30, 2016
Weighted average number of common shares for computation of basic and diluted loss per share	45,631,662	37,103,472

17. Financial instruments

(a) Financial risks

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to review liquidity resources and ensure that sufficient funds are available to meet financial obligations as they become due. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise. The Company's funding is provided in the form of capital raised through the issuance of shares and long-term debt.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relates to its accounts receivable. The accounts receivable are due from various government bodies; therefore, the company does not anticipate any significant loss for non-collection.

(iii) Market risk

(1) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments

traded in the market. The company is not exposed to price risk

(2) Concentration risk

Concentration risk is the risk that any single investment or group thereof, has the potential to materially affect the operating results of the Company. The Company is not exposed to this risk.

It is management's opinion that the Company is not subject to significant interest rate risk.

(a) Fair value hierarchy

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

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

In these financial statements, classification of financial instruments measured at fair value is as follows:

Level 1 - cash;

Level 2 - none;

Level 3 - none.

During the year, there were no transfers of amounts between Level 1 and Level 2 and 3.

18. Capital management

The Company considers its capital to be its equity and debt as disclosed in Note 11. The Company's objectives when managing its capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future investments.

19. Subsequent event

Subsequent to June 30, 2017, the Company issued 100,000 stock options at a strike price of \$0.11. These options expire on July 27, 2019,

20. Change in shares outstanding in prior period

Shares prior to the April 18, 2017 changes, which resulted in a share split of 28:1, were restated to reflect the historical shares outstanding on the same basis.