Pool Safe Inc.
Condensed Interim Financial Statements
(Unaudited)
September 30, 2016

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Contents

Pool Safe Inc.
Condensed Interim Statement of Financial Position
(Unaudited)
September 30, 2016

	Notes	September 30, 2016	June 30, 2016
Assets			
Current			
Cash		**$ 28,659**	$ 23,869
Prepaids and other receivables		**18,253**	23,820
Inventory		**7,864**	67,334
		54,776	115,023
Equipment	4	**285,655**	233,943
Patent and design costs	5	**164,303**	167,303
		$ 504,734	$ 516,269
Liabilities			
Current			
Trade payables and other liabilities		**$ 97,193**	$ 75,596
Current portion of long-term debt	6	**92,057**	56,076
		189,250	131,672
Long-term debt	6	**59,895**	59,895
		249,145	191,567
Going concern	2(a)		
Commitments and contingencies	9		
Guarantee	6		
Shareholders' Equity			
Share capital	7	**980,470**	930,470
Accumulated deficit		**(724,881)**	(605,768)
		255,589	324,702
		$ 504,734	$ 516,269

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

(Signed) *"David Berger"*
Director

Pool Safe Inc.
Condensed Interim Statement of Operations
(Unaudited)
For the three month period ended September 30,

	Notes	2016	2015
Revenue		$ 15,269	$ 17,626
Cost of Sales		6,932	1,761
Gross Profit		8,337	15,865
Expenses			
Advertising and promotion		8,571	1,492
Freight and brokerage		10,696	8,454
Insurance		1,539	1,299
Interest and bank charges		1,025	698
Interest on loan payable		1,364	2,436
Office and general		2,052	1,143
Occupancy costs		9,370	8,987
Professional fees		33,204	23,030
Repairs and maintenance		-	258
Salaries and employee benefits		14,633	8,460
Sub-contractors		22,648	16,800
Telephone		1,722	583
Travel		6,766	2,802
Amortization of patent and design costs		3,000	3,000
Depreciation		10,860	5,840
		127,450	85,282
Net and comprehensive loss		$ (119,113)	$ (69,417)
Weighted average number of outstanding shares, basic		1,414,111	1,253,228
Basic loss per share		$ (0.08)	$ (0.06)
Weighted average number of outstanding shares, diluted	10	1,414,111	1,253,228
Diluted loss per share	10	$ (0.08)	$ (0.06)

The accompanying notes are an integral part of these condensed interim financial statements

Pool Safe Inc.
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited)
For the three month period ended September 30,

	Notes	Number of shares		Share capital		Contributed surplus		Accumulated deficit		Total
Balance at July 1, 2016		1,394,700	$	930,470	$	-	$	(605,768)	$	324,702
Shares issued via private placement - July 22, 2016		25,511	$	50,000						50,000
Net loss snd comprehensive loss for the period		-		-		-		(119,113)		(119,113)
Balance at September 30, 2016		1,420,211	$	980,470	$	-	$	(724,881)	$	255,589

	Notes	Number of shares		Share capital		Contributed surplus		Accumulated deficit		Total
Balance at July 1, 2015		1,228,883	$	605,470	$	-	$	(299,451)	$	306,019
Shares issued via private placement - July 15, 2015		10,203	$	20,000						20,000
Shares issued via private placement - August 4, 2015.		25,511	$	50,000						50,000
Net loss snd comprehensive loss for the period		-		-		-		(69,417)		(69,417)
Balance at September 30, 2015		1,264,597	$	675,470	$	-	$	(368,868)	$	306,602

The accompanying notes are an integral part of these condensed interim financial statements

Pool Safe Inc.
Condensed Interim Statement of Cash Flows
(Unaudited)
For the three month period ended September 30,

	Notes		2016		2015
Operating activities					
Net and comprehensive loss		$	(119,113)	$	(69,417)
Items not affecting cash:					
Amortization of patent and design costs			3,000		3,000
Depreciation			10,860		5,840
			(105,253)		(60,577)
Net changes in non-cash working capital:					
Decrease (increase) in prepaids and other receivables			5,567		18,324
Increase inventory			59,470		-
Decrease in trade payables and other liabilities			21,597		1,013
Cash flows used in operating activities			(18,619)		(41,240)
Investing activities					
Purchase of equipment			(62,572)		-
Purchase of patent and design costs, net of tax credits	5		-		(19,380)
Cash flows used in investing activities			(62,572)		(19,380)
Financing activities					
Proceeds from long-term debt			50,000		-
Repayment of long-term debt			(14,019)		(14,019)
Proceeds from issuance of share capital			50,000		70,000
Cash flows provided by financing activities			85,981		55,981
Net change in cash			4,790		(4,639)
Cash - beginning of period			23,869		26,213
Cash - end of period		$	28,659	$	21,574

The accompanying notes are an integral part of these condensed interim financial statements

1. Nature of business

Pool Safe Inc. ("PoolSafe" or the "Company"), was incorporated under the Business Corporations Act (Ontario) on August 21, 2011. PoolSafe is an exclusive product which offers security, convenience and guest services all bundled in one product. PoolSafe's head office located at 401 Magnetic Drive, Unit 14, Toronto, Ontario, M3J 3H9.

Effective December 31, 2016, the financial year end of the Company will change 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 financing or through the sale of its assets at amounts favourable to the Company. As at September 30, 2016, the Company has an accumulated deficit of $724,881 (June 30, 2016 - $605,788), and a working capital deficiency of $42,417 (June 30, 2016 - $16,649), has had losses and expects to incur further losses in the development of its business. 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 condensed 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

These unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended June 30, 2016.

These condensed interim financial statements were approved by the Board of Directors on October 28, 2016.

(c) Basis of measurement

Apart from certain assets and liabilities measured at fair value as required under certain IFRSs, 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.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s annual financial statements as at June 30, 2016.

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. Equipment

Cost	Balance at July 1, 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 July 1, 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

Cost	Balance at July 1, 2016	Additions	As at Sept. 30, 2016
Furniture and equipment	$ 57,602	$ 2,297	$ 59,899
Computer equipment	767	600	1,367
Manufacturing equipment tooling and moulds	203,788	-	203,788
Revenue-share equipment	-	59,675	59,675
Leasehold improvement	5,730	-	5,730
Equipment	$ 267,887	$ 62,572	$ 330,459

Accumulated depreciation	Balance at July 1, 2016	Additions	As at Sept. 30, 2016
Furniture and equipment	$ 16,235	$ 2,130	$ 18,365
Computer equipment	120	70	190
Manufacturing equipment tooling and moulds	14,720	4,970	19,690
Revenue-share equipment	-	3,400	3,400
Leasehold improvement	2,869	290	3,159
	$ 33,944	$ 10,860	$ 44,804
Net book value	$ 233,943		$ 285,655

5. Patent and design costs

	Balance at July 1, 2015	Additions, net	As at June 30, 2016
Cost	$ 160,823	$ 19,380	$ 180,203

	Balance at July 1, 2015	Additions	As at June 30, 2016
Accumulated amortization	$ 890	$ 12,010	$ 12,900
Carrying value	$ 160,823	$ 7,370	$ 167,303

	Balance at July 1, 2016	Additions, net	As at Sept. 30, 2016
Cost	$ 180,203	$ -	$ 180,203

	Balance at July 1, 2016	Additions	As at Sept. 30, 2016
Accumulated amortization	$ 12,900	$ 3,000	$ 15,900
Carrying value	$ 167,303		$ 164,303

The Company commenced amortization on June 1, 2015.

6. Long-term debt

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 shareholder amounting to 25% of the original loan balance. The loan matures on July 15, 2018.		$	151,952
Loan from a company owned by a shareholder of the company bearing interest at the rate of 10% per annum, unsecured and repayable September 30, 2017.			50,000
Less: Current portion of long-term debt			(142,057)
		$	59,895
Principal repayments required in the next three years are as follows:			
	2017	$	92,057
	2018		56,076
	2019		3,819
		$	151,952

7. 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, 2016	1,394,700	$	930,470
Issuance of shares for cash (i)	25,511	$	50,000
Balance at September 30, 2016	1,420,211		980,470

(i) During July 2016, the Company issued 25,511 common shares for net proceeds of $50,000.

8. 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:

		2016		2015
Short-term employee benefits, including salaries and fees (note 1)	$	16,800	$	16,548
	$	16,800	$	16,548

Note 1: the amounts disclosed above are included under sub-contractors expense in the statement of operations

9. Commitments and contingencies

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

2017		19,240
2018		19,240
2019		16,033
	$	54,513

(b) The Company is subject to a claim for damages related to an alleged breach of a non-disclosure document. The

10. Loss per share

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

Numerators		2016		2015
Loss attributable to common shareholders	$	(119,113)	$	(69,417)
Income (loss) used in the computation of basic and diluted earnings per share		(119,113)		(69,417)

Denominators	2016	2015
Weighted average number of common shares for computation of basic and diluted loss per share	1,414,111	1,253,228

11. 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.

11. Financial instruments (continued)

(b) Fair value hierarchy

Financial instruments recorded at fair value on the consolidated 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 consolidated financial statements, classification of financial instruments measured at fair value is as follows:

Level 1 - cash;

Level 2 - warrants and options;

Level 3 - other investments.

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

12. Capital management

The Company considers its capital to be its equity and debt as disclosed in Note 6 & 7. 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.

13. Subsequent event

Pursuant to a letter of intent dated July 18, 2016 between the Company and Pounder Venture Capital Corp. (“Pounder”), a Capital Pool Company listed on the TSX Venture Exchange, Pounder intends to acquire the Company and will issue common shares in exchange for all of the issued and outstanding shares in the capital of the Company. This transaction will constitute Pounder’s Qualifying Transaction pursuant to the rules of the TSX Venture Exchange.

As a result of the share exchange, control of Pounder will pass to the former shareholders of the Company. Accordingly, this transaction will be accounted for as a reverse acquisition of Pounder by the Company. The closing of this transaction is subject to several conditions, including but not limited to receipt of all necessary shareholder consents and regulatory approvals.