

**VISCOUNT SYSTEMS, INC.**

Condensed Consolidated Balance Sheets

(Expressed in Canadian dollars)

(Unaudited)

	October 31, 2018	December 31, 2017
<b>Assets</b>		
Current Assets		
Cash	\$ 55,282	\$ 94,990
Short term investments	56,900	56,900
Trade accounts receivable, net	652,629	597,852
Prepaid expenses	43,511	21,906
Inventory	367,834	401,611
<b>Total Current Assets</b>	<b>1,176,156</b>	<b>1,173,259</b>
Equipment	259,513	228,549
<b>Total Assets</b>	<b>\$ 1,435,669</b>	<b>\$ 1,401,808</b>
<b>Liabilities and Stockholders' Deficit</b>		
Current Liabilities		
Accounts payable	\$ 678,123	\$ 601,450
Accrued liabilities	594,026	666,666
Good faith funds in Trust	55,776	-
Capital lease/Financing - current portion	13,624	10,174
Deferred revenue	57,576	45,894
Due to related parties	-	122,916
Loans payable	5,676	-
Interest payable - New B Notes	66,518	36,747
Derivative liabilities	215	83
<b>Total Current Liabilities</b>	<b>1,471,534</b>	<b>1,483,930</b>
Series A and B on Demand Notes	7,369,291	6,194,318
Long-term liabilities Capital lease/Financing	68,830	54,594
<b>Total Liabilities</b>	<b>8,909,655</b>	<b>7,732,842</b>
Commitments and contingencies		
Stockholders' Deficit		
Common stock, par value US\$0.001 per share, 3,000,000,000 shares authorized: 859,050,744 shares outstanding as of October 31, 2018 and 861,272,966 shares outstanding as of December 31, 2017		
	859,051	861,273
Additional paid-in capital	9,493,232	9,491,011
Accumulated deficit	(17,826,269)	(16,683,318)
<b>Total Stockholders' Deficit</b>	<b>(7,473,986)</b>	<b>(6,331,034)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 1,435,669</b>	<b>\$ 1,401,808</b>

**VISCOUNT SYSTEMS, INC.**

Condensed Consolidated Statements of Operations

(Expressed in Canadian dollars)

For the Ten months ended October 31, 2018 and 2017

(Unaudited)

	Ten months ended	
	October 31	
	2018	2017
Sales	\$ 3,983,811	\$ 4,817,423
Cost of sales	2,076,039	2,295,599
Gross profit	1,907,772	2,521,824
Operating expenses:		
Selling, general and administrative	1,608,309	1,595,718
Research and development	495,209	456,510
Total operating expenses	2,103,518	2,052,228
Operating gain/(loss)	(195,746)	469,596
Other income (expense):		
Interest income	171	231
Interest expense	(92,377)	(111,202)
Other income (expense)	-	114,536
Foreign Exchange Gain (loss) on revaluation of financial instruments	(246,765)	499,313
Amortization of debt discount	(608,103)	(912,155)
Change in fair value of derivative liabilities	(131)	13,368
	(947,205)	(395,909)
Net (loss) income	(1,142,951)	73,687
Net (loss) income attributable to common stockholders	\$ (1,142,951)	\$ 73,687
Per share data:		
Net loss attributable to common stockholders - basic and diluted	\$ (0.00)	\$ 0.00
Weighted average number of shares of common stock outstanding:		
Basic and diluted	859,180,984	866,717,409

**VISCOUNT SYSTEMS, INC.**

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the Ten Months Ended October 31, 2018 and 2017

(Unaudited)

	<b>October 31, 2018</b>	<b>October 31, 2017</b>
Operating Activities		
Net income (loss)	\$ (1,142,951)	\$ 73,687
Adjustments to reconcile net loss to net cash used in operating activities:		
Income from discontinued operations		
Depreciation and amortization	37,601	28,926
Recovery of Provision for uncollectible receivables	18,531	-
(Recovery of) Provision for inventory obsolescence	46,049	757
Change in fair value of derivative liabilities	132	(13,368)
Stock based compensation	-	3,908
Foreign Exchange (Gain) loss on revaluation of financial instruments	246,765	(490,463)
Amortization of debt discount	611,677	912,155
Changes in operating assets and liabilities:		
Accounts receivable	(73,308)	(220,190)
Inventory	(12,272)	(96,680)
Prepaid expenses	(21,605)	11,494
Accounts payable	76,673	(98,039)
Accrued liabilities	(16,864)	30,132
Short-term loan payable	-	(114,536)
Notes interest payable	28,428	28,786
Notes payable	320,327	-
Deferred revenue	11,682	10,055
Due to related parties	(122,916)	(8,850)
Net Cash received in operating activities	7,949	57,774
Cash Flows from Investing Activities		
Net Purchase/disposal of property and Equipment	(36,185)	(42,394)
Invest in development of new projects	(32,380)	
Net cash used in investing activities	(68,565)	(42,394)
Net Cash from Financing Activities		
Capital lease financing - auto	27,174	27,874
Capital lease/Financing repayments	(9,488)	(9,647)
Proceeds from working capital loan	62,657	104,159
Repayment of working capital loan	(59,434)	(104,159)
Payment of common stock buyback	(1)	-
Net cash (used in) provided by financing activities	20,908	18,227
(Decrease) increase in cash	(39,708)	33,607
Cash, beginning of period	94,990	30,861
Cash, end of period	\$ 55,282	\$ 64,468

**VISCOUNT SYSTEMS, INC.**

Consolidated Statements of Cash Flows, continued

(Expressed in Canadian dollars)

For Ten months Ended October 31, 2018 and 2017

(Unaudited)

	<b>October 31, 2018</b>	<b>October 31, 2017</b>
Supplementary Information:		
Interest paid	\$ 63,949	\$ 82,416
Income taxes paid	\$ -	\$ -

Non-cash investing and financing activities: