

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of event requiring this shell company report:

Commission file number 000-32981

QWICK MEDIA INC.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

The Cayman Islands

(Jurisdiction of incorporation or organization)

**104 - 8331 Eastlake Drive
Burnaby, British Columbia, Canada V5A 4W2**

(Address of principal executive offices)

**Ross Tocher, President
Telephone: (778) 370-1715
Facsimile: (604) 336-5460
104 - 8331 Eastlake Drive
Burnaby, British Columbia
Canada, V5A 4W2**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class
Not Applicable

Name of each exchange on which registered
Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **71,128,456 common shares as of December 31, 2018**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "accelerated filer", "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

INTRODUCTION AND INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, and therefore are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “seeks”, “projects”, “intends”, “plans”, “may”, “will” or “should”, or their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this AIF. Such risks include, but are not limited to: a renewed downturn in international economic conditions; any adverse occurrence with respect to the development or marketing of our technology; any adverse occurrence with respect to any of our licensing agreements; our ability to successfully bring products to market; fluctuations in the availability and cost of materials required to produce our products; any adverse occurrence with respect to distribution of our products; potential negative financial impact from claims, lawsuits and other legal proceedings or challenges; and other factors beyond our control. See the section entitled “Risk Factors” for a complete list of risks relating to an investment in our company.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements are based on assumptions that management believes are reasonable, which include, but are not limited to, assumptions with respect to our future growth potential, results of operations, future prospects and opportunities, execution of our business strategy, maintaining a stable workforce, there being no material variations in the current tax and regulatory environments, future levels of indebtedness, and current economic conditions remaining unchanged, readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this annual report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this annual report, those results or developments may not be indicative of results or developments in the future.

Any forward-looking statements in this annual report speak only as of the date of such statement, and we do not undertake any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments, except as required by applicable laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All of the forward-looking statements made in this annual report are qualified by these cautionary statements.

In this Form 20-F, unless otherwise stated, references to “we”, “us”, “our”, the “Corporation” and “Qwick” refer to Qwick Media Inc., a Cayman Islands corporation, and include, where applicable, our wholly-owned subsidiaries, SFE Global Inc., a company incorporated pursuant to the laws of the State of Washington and Qeyos Ad Systems Inc. (“Qeyos”), a British Columbia corporation, and its wholly-owned subsidiary, Wuxi Xun Fu Information Technology Co., Ltd. (“Wuxi”), a company incorporated under the laws of the People’s Republic of China, through which the majority of our operations are conducted. Unless otherwise stated, “\$” refers to United States dollars, being our reporting currency.

PART I

ITEM 1 Identity of Directors, Senior Management and Advisers

Not applicable.

ITEM 2 Offer Statistics and Expected Timetable

Not applicable.

ITEM 3 Key Information

A. Selected Financial Data

The following financial data summarizes selected financial data for our company prepared in accordance with United States generally accepted accounting principles (“US GAAP”) for the five fiscal years ended December 31, 2018. The information presented below for the five-year period ended December 31, 2018 is derived from our financial statements which were examined by our independent auditor. The information set forth below should be read in conjunction with our audited financial statements and related notes included in this annual report, and with the information appearing under the heading “Item 5. Operating and Financial Review and Prospects”. The data is presented in U.S. dollars.

Selected Financial Data (Stated in U.S. Dollars - Calculated in accordance with US GAAP)

	Year ended Dec. 31, 2018 (audited)	Year ended Dec. 31, 2017 (audited)	Year ended Dec. 31, 2016 (audited)	Year ended Dec. 31, 2015 (audited)	Year ended Dec. 31, 2014 (audited)
Revenue	\$ 154,313	\$ 135,817	\$ 654,916	\$ 459,125	\$ 89,526
Total expenses	\$ 803,083	\$ 1,239,791	\$ 1,658,814	\$ 1,664,572	\$ 2,213,092
Loss from operations and continuing operations	\$ 648,770	\$ 1,103,974	\$ 1,003,898	\$ 1,205,447	\$ 2,123,566
Net loss	\$ 622,615	\$ 1,103,902	\$ 269,508	\$ 1,205,039	\$ 2,119,472
Basic and diluted loss per common share	\$ 0.01	\$ 0.02	-	\$ 0.02	\$ 0.03
Total assets	\$ 361,737	\$ 349,096	\$ 383,321	\$ 501,581	\$ 613,603
Total liabilities	\$ 1,664,634	\$ 1,065,811	\$ 246,953	\$ 8,023,963	\$ 7,078,568
Total stockholders’ equity (deficiency)	(\$ 1,302,897)	(\$ 716,715)	\$ 136,368	(\$ 9,550,327)	(\$ 8,492,910)
Capital stock	\$ 71,128	\$ 71,128	\$ 71,128	\$ 71,128	\$ 71,128
Weighted average number of common shares outstanding	71,128,456	71,128,456	71,128,456	71,128,456	71,128,456
Number of common shares outstanding as at period end	71,128,456	71,128,456	71,128,456	71,128,456	71,128,456
Long-term debt	\$ 25,580	\$ 37,833	-	-	-
Dividends per common share	-	-	-	-	-

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Much of the information included in this annual report includes or is based upon estimates, projections or other “forward-looking statements”. Such forward-looking statements include any projections or estimates made by our company and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good

faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements.

Our common shares are considered speculative. You should carefully consider the following risks and uncertainties in addition to other information in this annual report in evaluating our company and our business before purchasing any shares of our company. Our business, operating and financial condition could be harmed due to any of the following risks.

Risks Relating to our Business

We currently do not generate significant revenue from its operations, and as a result, we face a high risk of business failure.

We have generated minimal revenues from our planned operations to date. Our ability to generate revenues from planned advertising sales depends largely on our ability to provide a large interactive network of digital kiosks and digital TV screens that show our programs in high traffic locations at trade-show exhibitions and large retail stores and shopping malls. This, in turn, requires that we obtain specialized broadcast interactive television (“**micro-broadcast**”) contracts or concession rights contracts in order to operate our business. As such, in order to generate significant revenues, we will incur substantial expenses in the development of our business. We therefore expect to incur significant losses in the foreseeable future. We recognize that if we are unable to generate significant revenues from our activities, our entire business may fail. There is no history upon which to base any assumption as to the likelihood that we will be successful in our plan of operation, and we can provide no assurance to investors that we will generate operating revenues or achieve profitable operations in the future.

If we are not able to effectively protect our intellectual property, our business may suffer a material negative impact and may fail.

Our success will be dependent on our ability to protect and develop our technology; however, we have not yet obtained any patents or trademarks other than our U.S. trade name “Qwick Media”. We completed our registration of the U.S. trade-name “Qwick Media”, which was issued on September 20, 2011 under number 4,029,739. In addition, we completed registration of our Canadian trade name “Qwick Deal” under registration number TMA885273 on September 14, 2014. The U.S. registration of “Qwick Deal” was completed on January 20, 2015 under registration number 4,673,680. If we are unable to secure trademark and patent protection for our intellectual property in the future or that protection is inadequate for future products, our business may be materially adversely affected. Further, there is no assurance that our interactive kiosks and displays or other aspects of our business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and diversion of management time in defending against these third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities, which may materially and adversely disrupt our business.

Our limited operating history may not provide an adequate basis to judge our future prospects and results of operations.

Prior to the acquisition of Qeyos, we were a shell company. As such, our limited operating history may not provide a meaningful basis for readers to evaluate our business, financial performance and prospects. It is also difficult to evaluate the viability of our plan to implement an interactive digital media micro-

broadcast network and other advertising media dedicated to the digital out-of-home (“DOOH”) advertising sector because we do not have sufficient experience to address the risks frequently encountered by early stage companies using new forms of advertising media and entering new and rapidly evolving markets. It may be difficult for readers to evaluate our senior management team and their effectiveness, on an individual or collective basis, and their ability to address future challenges to our business.

If advertisers or the viewing public do not accept, or lose interest in, our planned interactive digital media network, we may be unable to generate sufficient cash flow from our operating activities, and our prospects and results of operations could be negatively affected.

The market for interactive digital media networks in North America is relatively new and its potential is uncertain. Our success depends on the acceptance of our interactive digital media network by advertising clients and agencies and their continuing and increased interest in this medium as a component of their advertising strategies. Interactive DOOH advertising is a new concept in North America. If we are not able to adequately track consumer responses to our programs, in particular tracking the demographics of consumers most receptive to interactive advertising, we will not be able to provide sufficient feedback and data to existing and potential advertising clients to help us generate demand and determine pricing. Without improved market research, advertising clients may reduce their use of interactive advertising and instead turn to more traditional forms of advertising that have more established and proven analytical methods of tracking effectiveness. If a substantial number of advertisers lose interest in advertising on our planned micro-broadcast digital media networks for these or other reasons, or become unwilling to purchase advertising time slots on our planned network, we will be unable to generate sufficient revenues and cash flow to operate our business, and our revenues, prospects and results of operations could be negatively affected.

We may depend on third-party program producers to provide the non-advertising content that we include in our interactive programs. Failure to obtain high-quality content on commercially reasonable terms could materially reduce the attractiveness of our micro-broadcast network, harm our reputation and cause our planned revenues to be unrealized or to decline.

We are planning for the majority of our interactive digital kiosks and TV screens to mix advertising and non-advertising content. We do not produce or create any of the non-advertising content included in our programs. All of the non-advertising content is provided by third-party content providers, such as local television stations and television production companies. There is no assurance that we will be able to obtain non-advertising content on satisfactory terms, or at all. If we fail to obtain a sufficient amount of high-quality content on a cost-effective basis, advertisers may find advertising on our micro-broadcast networks unattractive and may not wish to purchase advertising time slots on our network, which would materially and adversely affect our ability to generate revenues from our advertising time slots and cause our revenues to decline and our business and prospects to deteriorate.

Because we may rely on third-party agencies to help source advertising clients, our failure to retain key third-party agencies or attract additional agencies on favorable terms could materially and adversely affect our revenue growth.

We plan to engage third-party agencies to assist us in sourcing advertising clients from time to time. We do not have any long-term or exclusive agreements with these agencies, and cannot assure that we will obtain or continue to maintain favorable relationships with them. If we fail to obtain and retain key third-party agencies or attract additional agencies, we may not be able to secure or retain advertising clients or attract new advertisers or advertising agency clients, and our business and results of operations could be materially adversely affected.

Because we may be dependent on a limited number of customers for a significant portion of our revenues, we may be vulnerable to the loss of major customers or delays in payments from these customers.

Given our limited operating history and the rapid growth of our industry, we may be dependent on a small number of customers. If we fail to sell our services to one or more key customers in any particular period, or if a large customer purchases less of our services or fails to purchase additional advertising

time on our micro-broadcast networks, our revenues could be unrealized or could decline and our operating results could be adversely affected. In addition, the dependence on a small number of customers could leave us more vulnerable to delays in payments from these customers. If one of our larger customers is significantly delinquent with their payments, our financial condition may be materially and adversely affected.

We face significant competition in the global advertising industry, and if we do not compete successfully against new and existing competitors in North America we may lose our market share, and our intended profitability may be adversely affected.

We face significant competition in the global advertising industry. We compete for advertising clients primarily on the basis of network size and coverage, location, price, the quality of our programs, the range of services that we offer and brand recognition. Significant competition could reduce our planned operating margins and profitability and result in a loss of intended market share. Some of our existing and potential competitors may have competitive advantages, such as significantly greater brand recognition, financial, marketing or other resources, and may be able to mimic and adopt our business model. In addition, several of our competitors have significantly larger advertising networks than we do, which gives them an ability to reach a larger number of overall potential consumers and which make them less susceptible to downturns in particular sectors, such as the interactive sector. Moreover, significant competition will provide advertisers with a wider range of media and advertising service alternatives, which could lead to lower prices and decreased revenues, gross margins and profits. We cannot assure you that we will be able to successfully compete against new or existing competitors.

Future acquisitions may have an adverse effect on our ability to manage our business.

We may acquire businesses, technologies, services or products which are complementary to our core interactive digital media network business. Future acquisitions may expose us to potential risks, which could have a material and adverse effect on our ability to manage our business, our revenues and net income. Further, we may need to raise additional debt funding or sell additional equity securities to make such acquisitions. The raising of additional debt funding by us, if required, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets that would restrict our operations, and the sale of additional equity securities could result in additional dilution to our shareholders.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period in the future.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period based on consumer spending and advertising trends in North America. As a result, period-to-period comparisons of our operating results may be unreliable as an indication of our future performance.

We may be subject to, and may expend significant resources in defending against, government actions and civil suits based on the content we provide through our interactive digital media network.

Civil claims may be filed against us for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information displayed on our network. If consumers find the content displayed on our network to be offensive, customers may seek to hold us responsible for any consumer claims or may terminate their relationships with us. Offensive and objectionable content and legal standards for defamation and fraud are defined in North America, but we may not be able to properly screen out unlawful content. In addition, if the security of our content management system is breached and unauthorized images, text or audio sounds are displayed on our network, viewers or the government may find these images, text or audio sounds to be offensive, which may subject us to civil liability or government censure despite our efforts to ensure the security of our content management system. Any such event may also damage our reputation. If our advertising viewers do not believe our content is reliable or accurate, our business model may become less appealing to viewers and our advertising clients may be less willing to place advertisements on our planned network.

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

Insurance companies offer limited business insurance products and do not, to our knowledge, offer business liability insurance suitable to management. While business disruption insurance is available, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for directors' liability and fire insurance, we do not have any business liability, disruption or litigation insurance coverage for our development operations. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

Compliance with advertising laws and regulations may be difficult and could be costly, and failure to comply could subject us to government sanctions.

Advertising laws and regulations require advertisers, advertising operators and advertising distributors, including businesses such as ours, to ensure that the content of the advertisements they prepare or distribute are fair and accurate and are in full compliance with applicable laws. Violation of these laws or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, government may revoke a violator's license for advertising business operations. We endeavor to comply with applicable laws, including by requesting relevant documents from advertisers. However, we cannot assure that each advertisement that an advertiser or advertising agency client provides to us and which we include in our micro-broadcast network programs is in compliance with relevant advertising laws and regulations, or that the supporting documentation and government approvals provided to us by our advertising clients in connection with certain advertising content are complete. Although we review advertising content for compliance with relevant laws and regulations, we cannot assure that we will be able to properly review the content to comply with the standards imposed on us with certainty.

Risks Related to Regulation of Our Business and to Our Structure

We may become, or be deemed to be, a passive foreign investment company, or PFIC, which could result in adverse United States federal income tax consequences to U.S. investors.

Based upon the past and projected composition of our income and valuation of our assets, including goodwill, we believe we were not a passive foreign investment company, or PFIC, for 2015, we do not expect to be a PFIC for 2016/17, and we do not expect to become one in the future. However, there can be no assurance in this regard. If we become, or are deemed to be, a PFIC, such characterization could result in adverse United States federal income tax consequences to U.S. investors. For example, U.S. investors would become subject to increased tax liabilities under United States federal income tax laws and regulations and would become subject to burdensome reporting requirements. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes if either: (i) 75% or more of our gross income in a taxable year is passive income, or (ii) the average percentage of our assets by value in a taxable year which produce or are held for the production of passive income (which includes cash) is at least 50%. The calculation of the value of our assets will be based, in part, on the then market value of the Shares, which is subject to change. We cannot assure you that we will not be a PFIC for 2015 or any future taxable year.

Risks Relating to our Management

Because our president controls a large percentage of our outstanding shares, he has the ability to influence matters affecting our shareholders.

Our president and chief executive officer, Ross Tocher, beneficially owns more than 42% of our issued and outstanding common shares and all of our outstanding preferred shares which also carry voting rights. As a result, he has the ability to influence matters affecting our shareholders, including the election of our directors, the acquisition or disposition of our assets, and the future issuance of securities. Because he controls such shares, investors may find it difficult to replace our management if they disagree with the way our business is being operated.

Our business depends substantially on the continuing efforts of our senior executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our senior executives and other key employees. In particular, we rely on the expertise, financial assistance and experience of our chief executive officer, Mr. Tocher. We rely on the industry expertise, experience in our business operations and sales and marketing of our senior executives and their working relationships with our employees, other major shareholders, advertising clients, micro-broadcast network sponsors and advertisers, and relevant government authorities. If one or more of our senior executives are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. If any of our senior executives joins a competitor or forms a competing company, we may lose clients, suppliers, key professionals and staff members.

As a majority of our directors and officers are residents of countries other than the United States, investors may find it difficult to enforce, within the United States, any judgments obtained against our company, directors and officers.

A majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our company, officers, and directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

Because executive management is free to devote time to other ventures, shareholders may not agree with their allocation of time.

Our executive officers and directors devote only that portion of their time to our business which, in their judgment and experience, is reasonably required for the management and operation of our business. Management may have conflicts of interest in allocating management time, services and functions among our company and any present and future ventures which are or may be organized by our officers or directors and/or their affiliates. Management will not be required to direct us as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to us. This includes rendering advice or services of any kind to other investors and creating or managing other businesses.

Our board of directors may change our operating policies and strategies without prior notice to shareholders or shareholder approval and such changes could harm our business and results of operations, and the value of our stock.

Our board of directors has the authority to modify or waive certain of our current operating policies and strategies without prior notice and without shareholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our common shares. Such changes could have a material adverse effect on our financial position or otherwise.

Our Articles of Association contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our Articles of Association contain provisions with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by them in a civil, criminal or administrative action or proceeding to which they are made a party by reason of their being or having been a director or officer of our company.

Risks Relating to Our Common Shares

If our business is unsuccessful, our shareholders may lose their entire investment.

Although shareholders will not be bound by or be personally liable for our expenses, liabilities or obligations beyond their total original capital contributions, should we suffer a deficiency in funds with which to meet our obligations, the shareholders as a whole may lose their entire investment in our company.

Our common shares are illiquid and shareholders may be unable to sell their shares.

There is currently a limited market for our common shares and we can provide no assurance to investors that a liquid market will develop. If a market for our common shares does not develop, our shareholders may not be able to re-sell the common shares that they have purchased and they may lose all of their investment. Public announcements regarding our company, changes in government regulations, conditions in our market segment and changes in earnings estimates by analysts may cause the price of our common shares to fluctuate substantially.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.

Our constating documents currently authorize the issuance of 400,000,000 common shares with a par value of \$0.001 and 100,000,000 preferred shares with a par value of \$0.001. If we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

Penny stock rules will limit the ability of our shareholders to sell their stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and

receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

We do not intend to pay dividends on any investment in the shares of stock of our company.

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

ITEM 4 Information on the Company

A. History and Development

Name

Our legal and commercial name is "Qwick Media Inc.". We are governed by the corporate laws of the Cayman Islands. Our company is currently a reporting issuer in the provinces of British Columbia and Ontario in Canada. We completed our registration of the U.S. trade-name "Qwick Media", which was issued on September 20, 2011 under number 4,029,739.

Principal Office

Our principal executive offices are located at 104 - 8331 Eastlake Drive, Burnaby, British Columbia, Canada V5A 4W2. Our telephone number is (778) 370-1715 and our fax number is (604) 336-5460. Our registered office in the Cayman Islands is at Harbour Place, 103 South Church Street, George Town, Grand Cayman, Cayman Islands KY1-1002.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website address is <http://www.qwickmedia.com>. The information contained on our website is not part of this Form 20-F.

Corporate Information and Important Events

During the year ended December 31, 2014, we advanced \$51,720 to Safestar Products Company Limited, doing business as "WaterFillz®" ("Safestar"), pursuant to a promissory note and general security agreement each entered into on June 25, 2014. On October 3, 2014, we advanced Safestar an additional \$45,952. Interest accrued from each advance date on the aggregate principal amount, which bore interest at the rate of 12% per annum, payable monthly. Amounts owing were to be due on July 1, 2015. On January 12, 2015, we provided Safestar with notice of our intention to enforce our security. Safestar subsequently made an assignment under the *Bankruptcy and Insolvency Act* (Canada) on February 4, 2015.

On March 9, 2015, the Bowra Group Inc. ("**Bowra**") was appointed by Qeyos, our wholly-owned subsidiary as the receiver of Safestar, pursuant to the general security agreement made between our company, Qeyos and Safestar. On April 9, 2015, Qeyos made an offer to purchase all of Safestar's assets, including certain intellectual property, such as the trade name "Waterfillz", registered in Canada under number TMA792340 and in the United States under number 4143431, along with certain design patents registered in Canada under numbers 137034 and 137037; registered in the United States under numbers 651686 and 651279; and registered in the European Community under number 001827320-0001. On April 17, 2015, Bowra accepted Qeyos' offer for a purchase amount of \$112,990 (CAD\$142,000) to be settled by forgiveness of the total principal amount of the loans we made to Safestar, plus accrued interest thereon and pus collection costs of \$27,304 (CAD\$35,000). The completion of the acquisition closed on April 30, 2015.

On March 20, 2015, our common shares were listed for trading on the Canadian Securities Exchange under the symbol "QMI".

On March 20, 2015, we announced a changed of our registrar and transfer agent from Empire Stock Transfer Inc. to VStock Transfer, LLC, which is now our primary transfer agent. We also announced the appointment of TMX Equity Transfer Services as our co-transfer agent and registrar for Canadian purposes in connection with the listing of our common shares on the Canadian Securities Exchange.

On August 5, 2015, the Company announced a private placement financing of convertible debentures to raise gross proceeds of up to \$3,000,000. The debentures will be secured by a charge over all of the assets of the Company and its wholly-owned subsidiary, Qeyos Ad Systems Inc., will bear interest at the rate of 10% per annum ("**Interest**") and will have a maturity date of three years from the date of issuance. The debentures will be convertible, at the option of the holder, into common shares of the Company at a conversion price of CAD\$0.20 per share, subject to adjustment. In addition, 20% of the proceeds received by the Company from the sale of each debenture will be placed in a segregated escrow bank account by the Company, to be used solely to pay interest payable per annum on the principal amount of such debenture ("**Interest Reserve Account**"), unless waived by the applicable subscriber. The closing of the first tranche of this financing, which continues to be expected to close in multiple tranches, is to be determined.

In September 2016, we successfully completed our first major retailer kiosk purchase order for 85 kiosks in which our interactive digital kiosks were installed in 75 London Drugs® retailer locations across Western Canada to support their LD-Extras™ customer loyalty and reward based marketing programs. We expect to receive purchase orders from London Drugs® to add additional software and hardware features to these existing kiosks, which will enable the kiosks to do more to enhance their in-store customer shopping experience. Our sales and marketing focus continues with respect to apparent opportunities to work with universities, hotels, and in the hospitality and retail industries.

Effective December 30, 2016 the Company also announced material amendments were made to the rights and restrictions pertaining to the Class A Shares (the "**Amendments**"). The Amendments allow for a holder's conversion of each Class A Share from time to time into three common shares of the Company (each, a "**Common Share**") at a conversion price of US\$0.33 per Common Share. Holders of Class A Shares are also entitled to receive notice of, and to attend and to vote in person or by proxy at, any general meetings of the shareholders of the Company. Each holder shall be entitled to cast three votes for each Class A Share held on all matters on which holders of Common Shares are entitled to vote. Class A Shares shall earn a cumulative cash dividend (the "**Dividend**"), at the annual rate per Class A Share of 10% of earnings before interest, tax, depreciation and amortization (EBITDA), as and when declared by the Board out of moneys of the Company properly applicable to the payment of dividends. The Dividend shall accrue and be cumulative from the date of issue but payable on such date(s) as the Board may determine. The Company retains its right to, at any time, redeem any Class A Share at its issue price of US\$1.00, plus the amount of any accrued and unpaid Dividends thereon. In addition, all retraction rights previously available to holders of the Class A Shares have been repealed to improve the Company's debt to equity ratio. The Amendments were approved by the holders of the Class A Shares and the independent members of the Board.

The Settlement and the Amendments constituted related party transactions pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Pursuant to the requirements of MI 61-101, issuers are required to obtain minority shareholder approval for related party transactions unless an exemption is available. The Board consists of seven directors, a majority of which are unrelated to the directors participating in the Settlement, and are otherwise independent as determined pursuant to Part 7 of MI 61-101. The independent directors reviewed the Company’s financial position to assess the financial health of the Company and determined that it was appropriate to rely on the financial hardship exemption to the shareholder approval requirement set out in MI 61-101. As at September 30, 2016, the amount of US\$7,863,855 and the US dollar equivalent (US\$125,479) of CDN\$170,000 advanced to the Company since September 30, 2016 for a total of US\$7,989,334 to be settled represented 90% of the Company’s current liabilities and had a significant negative impact on the Company’s working capital position, given that the Company had current assets of US\$478,848 and therefore a working capital deficit of US\$8,479,840. Following the completion of the Settlement, it is expected that the Company will continue to have a working capital deficit but will be better financially positioned to seek additional sources of financing.

As of the date of this Annual Report, we have completed development of our CMS for use on interactive touch screen hardware. The CMS has been tested and proven to improve the ease of use, presentation, and delivery of a wide variety of client based information to those within an organization or to a public audience. It can also be combined with high utility self-service kiosks, such as secure mobile phone charging stations. The CMS is now ready to be marketed and distributed to information technology resellers and consumers around the world.

After rigorous customer use, our proof of technology deployments have been successfully completed with Hilton and Hyatt hotels located in Santa Clara, California. We are awaiting the approval of both hotel chains to add us to their approved vendor lists, to open the way to potential further deployments in the United States and abroad.

Subsequent to the year ended December 31, 2018, on February 11, 2019, we entered into a share purchase agreement with SFE Global Inc. (“**SFE Global**”), whereby we agreed to purchase all of the issued and outstanding securities of SFE Global from the shareholders of SFE Global (the “**SFE Shareholders**”) in consideration for \$1,000 cash. On May 2, 2019, we closed the share purchase agreement and acquired all of the issued and outstanding securities of SFE Global in consideration for an aggregate of \$1,000 paid pro-rata to the three SFE Shareholders. Following the completion of the transaction, SFE Global is a wholly-owned subsidiary of our company. Each of Ross Tocher, the Chief Executive Officer and a director of the Company, Glenn Cumyn and Kevin McMillan, directors of the Company, is considered to be a “related party” within the meaning of MI 61-101 in that companies controlled by each of Messrs. Tocher, Cumyn and McMillan were shareholders of SFE Global, and the consideration paid to Messrs. Tocher, Cumyn and McMillan is considered a “related party transaction” within the meaning of MI 61-101 but is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company’s shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration paid to the related parties does not exceed 25% of the Company’s market capitalization.

Capital Expenditures

During the three fiscal years ended December 31, 2018, 2017 and 2016, we did not undertake any material capital expenditures.

Takeover offers

We are not aware of any public takeover offers by third parties in respect of our securities, and we have not made any public takeover offers in respect of any other company’s securities, during the last or current financial year.

B. Business Overview

General

We are engaged in the business of developing interactive proprietary software for digital media applications and integrating it with hardware. We primarily integrate our proprietary touchscreen software products as user interfaces (“**UIs**”) and content management systems with flat LCD/LED screens, and computer hardware and related peripherals and enclosures provided by third parties, in the expectation of generating recurring fees under end-user licenses. Our software development business is primarily based in Burnaby, British Columbia, Canada; however, throughout the year ended December 31, 2017 we also retained services from programmers in the People’s Republic of China who were former employees of our subsidiary, Wuxi, formerly based outside of Shanghai.

Our customer management system (“**CMS**”) technology can be used to create incremental revenue in the interactive display industry and in the digital out of home (“**DOOH**”) signage industry. Therefore, our secondary business strategy is to provide our clients with advertising opportunities through self-service interactive digital kiosks, interactive window displays, interactive transit displays and other interactive out-of-home advertising displays, such as digital wallscapes, spectaculars and mall displays that we plan to operate in North American advertising markets.

Our touch-screen interactive kiosks and displays support mobile software applications (“**Apps**”) and iPhone/smart phone integration, while enabling users to access relevant information, such as interactive directories, way-finding, promotion incentives, coupons and other instant, on-demand media.

The principal market for our products is North America. Our CMS technology is intended to support mobile Apps and iPhone/smart phone integration, while enabling our clients’ customers to access relevant information and self-service their needs through interactive directories, way-finding, coupons and other instant, on-demand media. We focus our business development on creating opportunities to deploy private channel solutions for large box retailers to empower them to offer private channel digital marketing into high traffic, public spaces; thus, empowering advertisers to target and engage audiences where and when they shop and socialize.

As of March 31, 2015, we had completed development of our CMS for use on interactive touch screen hardware. The CMS has been tested and proven to improve the ease of use, presentation, and delivery of a wide variety of client based information to those within an organization or to a public audience. It can also be combined with high utility self-service kiosks, such as secure mobile phone charging stations.

The CMS is now ready to be marketed and distributed to information technology resellers and consumers around the world. We expect our revenue will increase and our expenses will decrease while we commence the full scale market release of our product offering into established third party sales distribution channels, using the internet as an alternative to the past costs incurred to employ an internal sales staff. In addition, we must identify further opportunities to enter negotiations for definitive agreements to enable us to monetize such opportunities for advertisers to utilize our proprietary interactive touch screen technologies in the large retailer arena.

Production of Interactive Display and Kiosk Products and Support Services

We primarily integrate our proprietary touchscreen software products as UI and CMS with flat screens, and computer hardware and related peripherals and enclosures provided by third parties, in the expectation of generating recurring fees under end-user licenses. The enterprise level solutions we provide are designed to integrate seamlessly with a customer’s IT infrastructure and data and security environments. These solutions are comprised of turn-key software products that include proprietary software, software-embedded hardware, maintenance and support services, content and creative services, installation services and third-party touchscreen displays.

This technology can enable our existing and prospective customers to operate their own private micro-broadcasting networks for delivery of digital, video/audio interactive touch screen content. Nearly four years of product development has now been completed, with systems now being deployed. However,

our development work to adapt our content management systems to different potential vertical markets is on-going. We provide a wide range of professional services for our customers and partners, including installation and training, software and hardware maintenance and support, creative content and advertising management.

- Technology Platform. Our touch screen software is built in C# and Javascript programming languages to interface other applications, utilizing Microsoft's ".NET" stack on Windows®. We also utilize technologies such as WPF, WCF, XNA and Prism to create a tiered cloud content management system. We have distinguished our product offering from that of our known competitors by focusing on ease of use and scalability in the hands of our customers. The result of such development is the creation of a content syncing engine that enables customers to manage their own data from server to interactive sign. The core platform that we have created is built to be easily extendable and allows addition of Apps dynamically.
- Product Branding. QwickView™ is our proprietary digital media player software. QwickView™ hardware is the physical product that acts as a point of service terminal for end users. The hardware consists of a skeleton platform, chassis (outside enclosure) and integrated PC equipment and peripherals. Our proprietary download and content management software is branded Qwick Manager™. The combination of these software products are specifically designed as a comprehensive content management system that can be operated by end users to create and update their own private channel network of both passive digital screens and interactive digital touch screens and kiosks via an intuitive, user-friendly "drag and drop" style of interface.
- Competitive Advantage. What makes our software different from that of our known competitors is our customers do not have to be particularly technically sophisticated to use this new technology. Most users will be capable of operating this software system without needing to rely upon expensive third party programming consultants or computer technicians for system set-up, or when changes to the system broadcast or information updates are desired. Much of the competitive software we have seen in the digital signage world gives end users a set of features restricting how business objectives can be solved within these limited set of features. Once implemented, end users cannot make their own updates or expand their system information to add new information or interactive features. What makes our software unique is that, upon setup of our base software addressing a customer's current business needs, customers may easily add functionality and update information in real time, thereby enabling their private network and interactive digital signage to grow with their further business needs.

Technically, there are no creative boundaries, such as limits imposed by third party software applications, intellectual property bottle-necks, platform stability and external technical support requirements. Our software design process is standardized and documented so new employees can be readily integrated. Our software development architecture team in Burnaby, British Columbia provides technical and creative guidance for coders in Wuxi, China. It is the equivalent of artists working with engineers. Due to time differences, our employees and consultants program in a 24/7 environment. This strategy leverages software production outsourcing, while high execution speed hardware development is presently managed from Burnaby, British Columbia, and outsourced to certain manufacturers in the United States. To the extent our software development business is conducted in China, it is conducted via Wuxi, our indirect wholly-owned subsidiary.

Industry

Interactive Digital Displays

The interactive display market is expected to exhibit high growth in the next five years. There is growing adoption of interactive displays in applications such as retail, hospitality, industrial, healthcare, government/corporate, transportation, education, entertainment, and other applications. According to a new market research report from Markets & Markets, "Interactive Display Market by Product (Interactive Kiosk, Whiteboard, Table, Video Wall, Monitor), Application (Retail, Education, Healthcare, Entertainment), Panel-Size (17" - 32", 32" - 65", Above 65"), & Geography - Global Forecast to 2020", the

total interactive display market is expected to reach \$14,964.5 Million by 2020, at a CAGR of 12% between 2015 and 2020.

Touch screens are an input device generally layered on top of an electronic visual display. Interactive displays use an information processing system which requires the user to give an input or control it. It gives users the similar experience on desktops and public venue displays such as on mobile devices and tablets. The interactive display enables users to interact directly with what is being displayed instead of using a mouse or any other peripheral device. The touchscreen can be operated using one's fingers or the movement of the hands. The sensors of the touchscreen can effectively locate and detect the touch over its display area.

Interactive displays are used mainly in kiosks which have applications in the financial, government, information, retail, ticketing and check-in, gaming, and healthcare segments. Interactive displays are increasingly used in touchscreen monitors and video walls. The interactive touch provides an intuitive and fast interface for users and enhances the user experience as they are compact and easy to use. Other products such as interactive tables, whiteboards, video-wall screens, and monitors also make use of interactive displays.

There are several market drivers that are dramatically impacting the traditional digital display industry and driving increased utilization of interactive digital display solutions:

Demand for real-time information—Because of increased technology enablement, both organizations and individual consumers expect information to be more available and timely. Digital signage solutions are increasingly providing organizations with multiple ways of distributing content and data instantly and can provide a richer experience if the operator's screens include interactive touch-screen functionality.

Social/Local/Mobile or "SoLoMo"—Social media, the need for localized information, and the proliferation and capabilities of mobile smart phones and tablets, are increasingly driving social and professional interactions and present an expanded opportunity for growth in the digital signage industry. Interactive digital signage has the ability to leverage social media feeds and present them in an eye-catching manner, delivering a sense of immediacy and engaging viewers on a timely, highly focused basis through constantly refreshed content. When coupled with mobile and proximity technology, interactive digital displays can deliver content to a relevant and specific location at moments of maximum influence and in a timely and personalized experience.

Big Data—Big Data is the collection and re-purposing of disparate data sources from enterprise systems and the cloud, enabling new, emerging capabilities around trend spotting, real-time decision making, performance management, sentiment analysis and customer service. Organizations around the world are making significant investments in Big Data to identify business, marketing, sales and service opportunities that will differentiate them competitively. Deploying interactive digital display projects using Big Data allows organizations to drive greater content relevance for their audience.

Other factors that are driving the interactive display market include reduced cost, assured ROI from interactive display products, and increasing panel sizes, and more customer engagement with the interactive displays. However, the major restraints for the growth of the market are the higher cost of customization of interactive touch kiosks and tables and low implementation of interactive whiteboards. The increasing usage of interactive displays in the healthcare and entertainment applications is expected to create several opportunities for growth in the market.

Related Digital Signage Business Opportunities

The combined technology created from our software and integrated hardware is capable of being used in the DOOH signage industry. The business challenge is to be able to create a network of sufficient critical mass so as to attract meaningful opportunities. The industry remains highly fragmented. To date, we have not been successful in creating any standalone business opportunities to operate our own proprietary digital signage network of sufficient size and placement to enable us to monetize such technology based upon advertising alone, or at all. Therefore, it has become our secondary business strategy to seek to provide our clients with revenue sharing based advertising opportunities through

creating a network of self-service interactive digital kiosks, interactive window displays, interactive transit displays and other interactive DOOH advertising displays, such as digital wallscapes, spectacles and mall displays that we plan to introduce into certain North American niche markets, such as land based Indian gaming facilities across the United States.

Mobile and Tablet Solutions

Our CMS technology is intended to support mobile Apps and iPhone/smart phone integration, while enabling our client's customers to access relevant information and self-service their needs through interactive directories, way-finding, coupons and other instant, on-demand media.

Large Box Retailers, Hotel Chains, Conventions, Tradeshow and Airports

We focus our business development on creating opportunities to deploy private channel solutions for large box retailers to empower them to offer private channel digital marketing into high traffic, public spaces, thus, empowering advertisers to target and engage audiences where and when they shop and socialize. We believe this makes target audiences more receptive to the advertisements to be included in our programs and ultimately makes our programs more effective for location sponsors and their advertising clients. We intend to derive revenues in the future by selling advertising time slots on private channel networks established by location based sponsorship that we intend to expand across Canada and the United States, to advertising clients and to direct third party advertisers and advertising agencies.

DOOH advertising in North America has experienced significant growth in recent years. By focusing on interactive advertising, we aim to enable our advertising clients to better target consumers, who we believe are an attractive demographic for advertisers due to their higher-than-average disposable income. We strategically place our interactive kiosks and interactive digital smart board touch screens in high-traffic locations of trade show exhibitions, hotels, airports, shopping malls, and in stores of large chain retailers, particularly in areas where there tends to be significant waiting time.

We seek to integrate advertising content with non-advertising content, such as news, weather, sports and comedy clips, in our interactive digital TV screen programs. We believe this makes our customers' consumers more receptive to the advertisements included in our programs and ultimately makes our programs more effective for end users. Our standard programs include, for each advertiser, six 15-second spots of advertising content during each hour of programming and are usually capable of being shown for approximately 10 hours per day.

We plan to derive incremental revenues by selling advertising time slots on our location sponsors' network to third party advertisers, including both direct advertisers and advertising agencies.

We believe our services provide the following significant benefits to our location sponsors and third party advertisers:

- *Enhanced Consumer Experience.* The content provided through an interactive digital media network can provide consumers with an entertaining means to pass time while obtaining relevant information they desire in real time. Our creative team of employees create content to engage users by stimulating their curiosity and driving their fingertips onto our touchscreens, which in turn logs measurable data for evaluating the effectiveness of content engagement. Besides reward marketing principles, another powerful driver is pleasure through entertainment. We believe popular culture conditions users into repetitive consumption through familiarity. Entertainment news is an important engagement mechanism. We believe our CMS technology enhances the consumer experience and adds value to the interactive services or products provided by our clients' digital signage or touchscreen networks.
- *Incremental Revenue Opportunity.* Under the terms of our cooperative services contracts, the Corporation offers location sponsors a share in potential revenue as a means of cost recovery in exchange for the concession rights to play our programs in their venues.

- Effective Means of Managing Consumer Traffic. We provide opportunities to location sponsors and advertisers to utilize non-advertising time on our network to provide other information to consumers. The ability to provide timely information to consumers allows our interactive digital media network to aid in the management of consumer traffic. The media broadcasting industry is driven by advertising dollars generated through ad placement in TV, radio, newsprint and Internet mediums. We believe the reason for explosive Internet growth is that it provides a non-interruptive mechanism for delivering user driven on-demand content with targeted ads. Traditional media does not provide this instant freedom of interactivity, which appears to have caused losses of audiences to alternative interactive digital mediums that converge content consumption through a digital format.
- Cost-Effective Media Service. If sufficiently large in scale, we believe a network can allow us to provide our clients' network location sponsors with a wide range of digital media programs on a cost-effective basis, which may otherwise be costly and time consuming for each sponsor to procure individually.

Competitive Conditions

The worldwide digital signage market is vast and diverse. In addition to the scope of our product and service portfolio, we compete based upon commercial availability, price, visual performance, brand reputation, power usage and customer service. Customer requirements vary as to products and services, and as to the size and geographic location of the solutions. We compete with a broad range of companies, including local, national and international organizations, whose offerings differ widely. Some competitors offer a range of products and services, while others offer only a single part of an overall digital signage solution. We primarily compete with several different groups of competitors:

- software developers in the interactive touch screen technology sector, such as Four Winds Interactive LLC, Omnivex and NCR;
- advertising companies that operate advertising networks, such as CBSDecaux, and DOOH short of the interactive sector, such as Focus Media, Captivate, ClearChannel and others;
- in-house advertising companies of large retail chains that may operate their own advertising networks; and
- other advertising media companies, that focus on Internet, street furniture displays, billboard or public transport advertising mediums, or traditional advertising mediums, such as newspapers, television, magazines and radio, some of which may advertise in the large chain retail locations in which we currently have exclusive contract rights to operate interactive digital displays.

We compete for end users for our digital media products primarily on the basis of the ease of use and extensive features of our content management software solutions. It further competes for advertising clients based upon network size and coverage, location, price, quality of our user interface programs, the range of services that we offer and our brand recognition. Many of our competitors have a variety of competitive advantages over us, such as greater financial and operational resources, longer histories in the DOOH advertising industry, and more extensive networks that extend beyond the interactive sector and offer a more diversified portfolio. This may make their products and services more attractive to advertising clients than ours. In addition, we may also face competition from new entrants into the interactive digital media sector in the future.

Sales and Marketing

We remain committed to building separate sales teams to focus on developing the client base for different interactive media platforms while promoting the broader value that the overall network and these platforms collectively provide to our advertising clients. Accomplishing this goal requires the successful implementation of the following strategies:

- We plan to broaden our CMS products and service offerings through new private channel interactive media platforms within the interactive digital display sector, in particular by offering an interactive digital media replacement for passive digital signage, and traditional light box displays, to establish private channel platforms, broaden consumer reach, enhance the effectiveness of advertisements and provide location sponsors and their advertising clients with more choices in selecting and combining different interactive advertising platforms according to their advertising needs and preferences.
- We plan to grow our CMS technology's market position and generate revenues by building local sales teams in additional cities to increase sales of advertising time slots and utilization rates in these cities and to increase the number of interactive displays and other interactive displays into emerging private channel network opportunities.
- We will continue to promote our brand name and the value of interactive displays and kiosks through proactive sales and marketing efforts to identify, solidify and broaden our customer base and our emerging relationships with large retail chains and content providers.

To achieve this goal, we intend to:

- *Build Local Sales Teams in Major Additional Cities and Increase our Sales and Utilization Rate of Advertising Time Slots in these Cities.* Currently, we have sales offices in Burnaby, British Columbia and in Las Vegas, Nevada where we maintain our business development and sales network. We plan to build local sales teams in additional cities associated with key regions of location sponsors to strengthen our sales efforts in these cities, further develop relationships with local advertisers, increase direct sales of advertising time slots in these cities, and improve utilization rates, being the percentage of available time slots that we sell to advertisers.
- *Increase the Number of Locations Our Emerging Network.* We intend to enter into further cooperative services contracts for concession rights to increase the number of locations that we can place or operate interactive kiosks and interactive digital displays or other displays in order to broaden the viewer reach of the advertisements shown on our network and enhance our current position in many of the most desirable locations.

We will continue to evaluate new opportunities in the future that are not currently in our network. This will help to ensure that our network continues to include the most significant venues in North America and in China. While the rates of advertising fees that we charge our advertising clients are not directly tied to the number of locations in our network, we believe that expanding our network will extend our audience reach, make our digital media network more attractive to national advertisers, and ultimately lead to higher fee rates and increased revenues.

We will continue to promote its brand name through proactive sales and marketing efforts. We believe this will allow us to broaden our client base as well as strengthen our relationships with location sponsors and advertisers.

We plan to pursue strategic relationships and acquisitions to expand our business within the interactive advertising industry. We plan to identify, execute and integrate acquisitions to build scale and enter into complementary businesses and new media platforms that enhance our interactive advertising network and reach. We plan to evaluate strategic acquisition opportunities that we believe will further enhance our market leadership position, while also providing an attractive return on investment. When evaluating potential acquisition targets, we will consider factors such as market position, growth and earnings prospects, and ease of integration. We are not currently negotiating any material acquisitions.

Employees

As of December 31, 2018, we had five employees working on sales, software development and hardware integration in Burnaby, British Columbia. Additionally, we have engaged two contractors who work from PRC.

We enter into standard confidentiality agreements with each of our employees and contractors that prohibit them from disclosing confidential information obtained during their employment or engagement with us. The confidentiality agreements include a covenant that prohibits them from engaging in any activities that compete with our business for three years after the end of their employment with our company. None of our employees is a member of a labor union related to our business and we consider our relationships with our employees to be good.

Intellectual Property

To protect our brand and other intellectual property, we rely on a combination of trademark and trade secret laws, as well as confidentiality agreements with our employees, sales agents, contractors and others. We have not yet obtained any patents or trademarks other than our U.S. trade name "Qwick Media". We completed our registration of the U.S. trade-name "Qwick Media", which was issued on September 20, 2011 under number 4,029,739. In addition, our Canadian registration for "Qwick Deal" was accepted under registration number TMA885273 on September 14, 2014, and we completed the registration of a United States trade mark for the "Qwick Deal" mark under registration number 4,673,680 on January 20, 2015.

Legal Proceedings

Our company was not a party to, and none of our property was the subject of, any material legal proceeding since January 1, 2017, nor are we currently party to any material legal proceeding or contemplating any legal proceedings which are material to our business. From time to time, however, we may be subject to various claims and legal actions arising in the ordinary course of business.

Regulation

Advertising regulation comprises laws and rules defining the ways in which products can be advertised in a particular region. Rules can define a wide number of different aspects, such as placement, timing, and content. In the United States, false advertising and health-related ads are regulated the most. Many communities have their own rules, particularly for outdoor advertising.

Self-Regulation Practices - Code of Advertising Practices in Digital Media

We are committed to delivering our advertisers' messages to consumers. This role in the arena of public discourse requires both a defence of free speech and sensitivity to contemporary standards and concerns. We recognize the need to balance these demands and therefore adhere to the following code of advertising practices:

- Establish exclusionary zones which prohibit advertisements of all products illegal for sale to minors that are intended to be read from or within 1000 feet of established places of worship, primary and secondary schools, or playgrounds.
- Continue to assert the right to reject creative content that is misleading, sexually explicit, overly suggestive, or in any way reflects upon the character, integrity or standing of any organization or individual.
- Continue our traditional commitment at both the national and local levels to display public service messages for worthy community causes.
- Encourage diversity of advertised goods and services in all markets.

Advertising Content in General

Advertising laws and regulations set forth certain content requirements for advertisements in North America, including prohibitions on, among other things, misleading content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anaesthetic, psychotropic, toxic or radioactive drugs are also prohibited. The dissemination of tobacco

advertisements via media is also prohibited as well as the display of tobacco advertisements in any waiting lounge, theatre, cinema, conference hall, stadium or other public area. There are also specific restrictions and requirements regarding advertisements that relate to matters such as patented products or processes, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics. In addition, all advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals advertised through radio, film, television, newspaper, magazine, out-of-home and other forms of media are subject to censorship by administrative authorities according to relevant laws and administrative regulations. We do not believe that advertisements containing content subject to restriction or censorship comprise a material portion of the advertisements displayed on our private channel network.

Particular Matters Related to Business in China

We operate our business in China under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the National People's Congress, and several ministries and agencies under its authority, including the State Administration for Industry and Commerce.

Regulations on Foreign Exchange in China:

Foreign exchange regulation in China is primarily governed by the following rules: the *Foreign Currency Administration Rules* (1996), as amended (the "**Exchange Rules**"), and the *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange* (1996) (the "**Administration Rules**").

Under the Exchange Rules, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of yuan for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the State Administration of Foreign Exchange (the "**SAFE**").

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by the Ministry of Commerce, the SAFE and the State Development and Reform Commission.

North American Regulation

Particular Matters Related to Business in the United States:

Over the past decade, United States federal and state governments have passed advertising laws that protect consumer privacy and ensure fair and truthful advertising practices online. The *Federal Trade Commission Act* (the "**FTC Act**") allows the Federal Trade Commission (the "**FTC**") to act in the interest of all consumers to prevent deceptive and unfair acts or practices. In interpreting Section 5 of the FTC Act, the FTC has determined that a representation, omission or practice is deceptive if it is likely to mislead consumers and affect consumers' behavior or decisions about the product or service. In addition, an act or practice is unfair if the injury it causes, or is likely to cause, is substantial, not outweighed by other benefits and not reasonably avoidable.

The FTC Act prohibits unfair or deceptive advertising in any medium. That is, advertising must tell the truth and not mislead consumers. A claim can be misleading if relevant information is left out or if the claim implies something that is not true. Sellers are responsible for claims they make about their products and services in advertisements. Third parties, such as advertising agencies, also may be liable for making or disseminating deceptive representations if they participate in the preparation or distribution of the advertising, or know about the deceptive claims. Advertising agencies or website designers are responsible for reviewing the information used to substantiate ad claims. They may not simply rely on a seller's assurance that the claims are substantiated. In determining whether an advertising agency should be held liable, the FTC looks at the extent of the agency's participation in the

preparation of the challenged advertisement, and whether the agency knew or should have known that the advertisement included false or deceptive claims.

Billboards are the most common example of commercial speech that can be regulated at the local or state level. Additionally, many of the newer out-of-home advertising methods, such as video displays, also fall within a city or state's jurisdiction.

We currently do not operate any significant outdoor advertising business, but may in the future do so with interactive outdoor window displays. The outdoor advertising industry in the United States is subject to governmental regulation at the federal, state and local levels. These regulations may include, among others, restrictions on the construction, repair, maintenance, lighting, upgrading, height, size, spacing and location of and, in some instances, content of advertising copy being displayed on, outdoor advertising structures. In addition, the outdoor advertising industry outside of the United States is subject to certain foreign governmental regulation.

Within the United States in recent years, outdoor advertising has become the subject of targeted state and municipal taxes and fees. These laws may affect prevailing competitive conditions in the Corporation's markets in a variety of ways. Such laws may reduce our expansion opportunities, or may increase or reduce competitive pressure from other members of the outdoor advertising industry. No assurance can be given that existing or future laws or regulations, or the enforcement thereof, will not materially and adversely affect the outdoor advertising industry. However, we contest laws and regulations that we believe unlawfully restrict our constitutional or other legal rights and may adversely impact the growth of our outdoor advertising business or our business.

Federal United States laws, principally, the *Highway Beautification Act of 1965* (the "HBA"), regulate outdoor advertising on Federal – Aid Primary, Interstate and National Highway Systems roads. The HBA requires states to "effectively control" outdoor advertising along these roads, and mandates a state compliance program and state standards regarding size, spacing and lighting. The HBA requires any state or political subdivision that compels the removal of a lawful billboard along a Federal – Aid Primary or Interstate highway to pay just compensation to the billboard owner.

All states have passed billboard control statutes and regulations at least as restrictive as the federal requirements, including laws requiring the removal of illegal signs at the owner's expense (and without compensation from the state). Although we believe that the number of our billboards that may be subject to removal as illegal is immaterial, and no state in which we operate has banned billboards entirely, from time to time governments have required us to remove signs and billboards legally erected in accordance with federal, state and local permit requirements and laws. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes.

Using federal funding for transportation enhancement programs, state governments have purchased and removed billboards for beautification, and may do so again in the future. Under the power of eminent domain, state or municipal governments have laid claim to property and forced the removal of billboards. Under a concept called amortization, by which a governmental body asserts that a billboard operator has earned compensation by continued operation over time, local governments have attempted to force removal of legal but nonconforming billboards (i.e., billboards that conformed to applicable zoning regulations when built but which do not conform to current zoning regulations). Although the legality of amortization is questionable, it has been upheld in some instances. Often, municipal and county governments also have sign controls as part of their zoning laws, with some local governments prohibiting construction of new billboards or allowing new construction only to replace existing structures.

We may introduce deployment of digital billboards that display static digital advertising copy from various advertisers that changes every 10 to 15 seconds. We have encountered some existing regulations that restrict or prohibit these types of digital displays but it has not yet materially impacted our digital deployment. Since digital billboards have only recently been developed and introduced into the market on a large scale, existing regulations that currently do not apply to them by their terms could be revised to impose greater restrictions. For example, these regulations may impose greater restrictions on digital billboards due to alleged concerns over aesthetics or driver safety.

In addition, due to their recent development, relatively few large scale studies have been conducted regarding driver safety issues, if any, related to digital billboards. The U.S. Department of Transportation Federal Highway Administration is currently conducting a study on whether the presence of digital billboards along roadways is associated with a reduction of driver safety for the public. If the results of this study include adverse findings, it may result in regulations at the federal or state level that impose greater restrictions on digital billboards.

Plan of Operation

Our business model is predicated upon monetizing our UI and CMS products and service solutions at an enterprise level to derive recurring revenue from licensing. As a by-product, we seek to establish location sponsored networks in several distinct vertical markets. Such markets include plans for large chain retailers, hotel chains, tradeshow exhibitions and institutions that sponsor their networks by paying for the cost of interactive kiosks and displays and internet connectivity or, alternatively, paying for leasing hardware, with integrated UIs and CMS software products comprising such network. As such, we will require working capital to fund product development and to maintain sufficient hardware inventory, which is largely produced by third parties on a just in time basis, depending on the scope and size of our future network deployments.

As we have not generated significant revenues from our operations to date, we expect we will need to raise additional financing through the issuance of equity or debt or via shareholder loans from our chief executive officer and other insiders. We require approximately \$1,000,000 per year to maintain software development operations at their current level and to fund the costs attributed to wages, rents and general and administrative expenses.

C. Organizational Structure

On July 7, 2009, we merged with and into our wholly-owned subsidiary, Tuscany Minerals Ltd., a Wyoming company, with the surviving company being Tuscany Minerals Ltd., the Wyoming company. As a result of this transaction, we re-domiciled from the State of Washington to the State of Wyoming. Our bylaws were amended in accordance with the Wyoming Business Corporation Act. A majority of our shareholders approved the merger at our annual and special meeting held on July 2, 2009.

Upon the completion of the merger of our company with and into our Wyoming subsidiary, we filed an application for continuance with the Registrar of Companies of the Cayman Islands on July 28, 2009 and received a certificate of registration by way of continuation from the Registrar, dated July 28, 2009, on July 29, 2009. In accordance with the resolutions of our shareholders at the meeting held on July 2, 2009, a new memorandum of association and articles of association were adopted in substitution of our existing constating documents, effective July 28, 2009, as a result of the issuance of the certificate of registration. As a result of the continuation, our company became a “foreign private issuer” as defined in Rule 3b-4(c) promulgated under the Securities Exchange Act of 1934.

On January 28, 2011, we completed the acquisition of Qeyos and, as a result, Qeyos is a wholly-owned subsidiary of our company.

On May 2, 2019, we completed the acquisition of SFE Global and, as a result, SFE Global is a wholly-owned subsidiary of our company.

D. Property, Plant and Equipment

Our principal executive offices and operating headquarters are located in Burnaby, British Columbia, where we lease approximately 184 square meters of office and warehouse space. Our branch office lease of approximately 500 square meters of combined office and warehouse space is located in Surrey, British Columbia.

ITEM 4A Unresolved Staff Comments

Not applicable.

ITEM 5 Operating and Financial Review and Prospects

The information in this section is presented in accordance with United States generally accepted accounting principles.

A. Operating Results

The following summary should be read in conjunction with our audited financial statements for the years ended December 31, 2018, 2017 and 2016, which are included in this annual report on Form 20-F.

	Year Ended December 31, 2018 (audited) \$	Year Ended December 31, 2017 (audited) \$	Year Ended December 31, 2016 (audited) \$
Revenue	154,313	135,817	654,916
Expenses			
Advertising and promotion	36,061	36,479	19,877
Amortization	31,662	23,306	24,085
Consulting fees	106,537	320,203	183,652
Filing fees	24,611	11,947	14,694
Foreign exchange loss (gain)	(113,327)	39,912	140,015
Interest and bank charges	6,870	6,349	5,536
Inventory costs	60,266	62,631	383,282
Management fees	21,225	23,103	41,514
Office and administrative	70,359	83,454	106,485
Professional fees	74,766	38,664	30,899
Rent	85,331	116,522	127,070
Salaries, wages and benefits	383,741	469,851	568,310
Travel	14,981	7,370	13,395
Total expenses	803,083	1,239,791	1,658,814
Operating Loss	648,770	1,103,974	1,003,898

Revenue

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

The Company generated \$154,313 in revenue during the year ended December 31, 2018 compared to \$135,817 during the year ended December 31, 2017, an increase of \$18,496. The reason for the increase in revenue was mainly due to an increase in sales of interactive kiosks of \$26,083 (2018: \$26,083; 2017: \$Nil); offset by both (i) a decrease in sales of charging stations of \$3,850 (2018: \$Nil; 2017: \$3,850) and (ii) a decrease in sales of hardware of \$4,285 (2018: \$5,749; 2017: \$10,034).

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

The Company generated \$135,817 in revenue during the year ended December 31, 2017 compared to \$654,916 during the year ended December 31, 2016, a decrease of \$519,099. The reason for the decrease in revenue was mainly due to a decrease in sales of interactive kiosks of \$446,429 (from \$446,429 in 2016 to \$Nil in 2017).

Expenses

Year ended December 31, 2018 compared to year ended December 31, 2017

The Company incurred expenses of \$803,083 during the year ended December 31, 2018 compared to \$1,239,791 during the year ended December 31, 2017, a decrease of \$436,708. The decrease in expenses was mainly attributable to (i) a decrease in consulting expenses of \$213,666 (2018: \$106,537; 2017: \$320,203) due to higher share-based compensation in 2017 versus that in 2018; (ii) a decrease in salaries and wages of \$86,110 (2018: \$383,741; 2017: \$469,851) due again to higher share-based compensation in 2017 versus that in 2018; and (iii) a decrease in loss in foreign exchange of \$153,239 (2018: \$113,327 gain; 2017: \$39,912 loss) due to the weakening of the Canadian dollar relative to the US dollar at December 31, 2018 versus that at December 31, 2017.

Net loss decreased by \$481,287 for the year ended December 31, 2018 (2018: \$622,615; 2017: \$1,103,902). The decrease in net loss was due to (i) an increase in revenues of \$18,496 (explained in the two preceding paragraphs); (ii) a decrease in expenses of \$436,708 (also explained in the two preceding paragraphs); and (iii) a gain on the disposals of equipment during the year of \$26,067 (2017 - \$Nil).

Year ended December 31, 2017 compared to year ended December 31, 2016

The Company incurred expenses of \$1,239,791 during the year ended December 31, 2017 compared to \$1,658,814 during the year ended December 31, 2016, a decrease of \$419,023. The decrease in expenses was mainly attributable to decreases in expenses other than foreign exchange gains and losses of \$318,920 (from \$1,518,799 in 2016 to \$1,199,879 in 2017); plus a decrease in foreign exchange losses of \$100,103 (from \$140,015 in 2016 to \$39,912 in 2017). The decrease of \$318,920 in non-foreign exchange expenses was due mainly to decreases in (i) management fees of \$18,411 (2017 - \$23,103; 2016 - \$41,514) due to cost-cutting measures in 2017; (ii) salaries and wages of \$98,459 (2017 - \$469,851; 2016 - \$568,310) due to cost-cutting measures in 2017; (iii) office and administrative costs of \$23,031 (2017 - \$106,485; 2016 - \$106,485) due to cost-cutting measures in 2017 and (iv) inventory costs of \$320,651 (2017 - \$62,631; 2016 - \$383,282) due to lower revenue generated in 2017 relative to 2016. These decreases were offset by an increase in consulting fees of \$136,551 (2017 - \$320,203; 2016 - \$183,652) due to stock-based compensation from the issue of incentive stock options in 2017. The decrease in foreign exchange loss of \$100,103 (2017 - \$39,912; 2016 - \$140,015) was due to the strengthening of the Canadian dollar relative to the US dollar in 2017 versus 2016 when there was a net liability position held in Canadian dollars in 2017.

Net loss increased by \$834,394 (2017 - \$1,103,902; 2016 - \$269,508). The increase in net loss was due to a reversal of accrued dividends in 2016 of \$734,228 (2017 - \$Nil); plus a net decrease of \$100,076 from a decrease in revenues \$519,098; offset by a decrease in expenses of \$419,023; both changes of which are explained in the preceding paragraphs.

B. *Liquidity and Capital Resources*

Our financial position as at December 31, 2018 and December 31, 2017 and the changes for the years then ended are as follows:

Working Capital

	As at December 31, 2018 (audited)	As at December 31, 2017 (audited)	Change Between Fiscal Years
Current assets	\$ 226,693	\$ 180,754	45,939
Current liabilities	\$ 1,639,054	\$ 1,024,790	(614,264)
Working deficit	\$ (1,412,361)	\$ (844,036)	(568,325)

The Company's working deficit position has decreased by \$568,325 to a deficit position of \$1,412,361 at December 31, 2018, from a deficit position of \$844,036 at December 31, 2017, mainly as a result of the

increase in amounts due to related parties of \$558,225 (from \$911,438 at December 31, 2017 to \$1,469,663 at December 31, 2018).

The Company's total assets increased by \$12,641 (from \$349,096 as at December 31, 2017 to \$361,737 as at December 31, 2018) due primarily to an increase in current assets of \$45,939 (from \$180,754 at December 31, 2017 to \$226,693 at December 31, 2018); offset by a decrease in property and equipment of \$22,555 (2018: \$67,069; 2017: \$89,624) and a decrease in intangible assets of \$10,743 (2018: \$67,975; 2017: \$78,718).

The Company's total liabilities increased by \$598,823 (from \$1,065,811 at December 31, 2017 to \$1,639,054 at December 31, 2018); primarily due to increased amounts due to related parties of \$558,225 (from \$911,438 at December 31, 2017 to \$1,469,663 at December 31, 2018).

Cash Flows

	Year Ended December 31, 2018 (audited)	Year Ended December 31, 2017 (audited)
Net cash used in by operating activities	\$ (547,643)	\$ (858,714)
Net cash provided by financing activities	\$ 545,707	\$ 841,799
Net cash from (used) in investing activities	\$ 27,703	\$ (22,009)
Increase (decrease) in cash during the year	\$ 25,767	\$ (38,924)
Cash, beginning of year	\$ 17,206	\$ 56,130
Cash, end of year	\$ 42,973	\$ 17,206

Operating Activities

Operating activities used cash of \$547,643 during the year ended December 31, 2018 (2017 - \$858,714), a decrease in the use of cash of \$311,071. This increase was primarily due to a decrease in net loss of \$481,287 (from \$1,103,902 in 2017 to \$622,615 in 2018); offset by a decrease in cash savings of \$214,386 from share-based compensation due to less share-based compensation in 2018 of \$36,433 versus that in 2017 of \$250,819.

Operating activities used cash of \$858,714 during the year ended December 31, 2017 (2016 - \$526,923), an increase in the use of cash of \$331,791. This increase was primarily due to: (1) an increase in net loss of \$834,394 (from \$259,508 in 2016 to \$1,103,902 in 2017); (2) a decrease in changes in receivables of \$115,912 (from \$137,539 in 2016 to \$21,627 in 2017); and (3) a decrease in changes to amounts due to related parties of \$311,233 (from \$311,233 in 2016 to \$Nil in 2017). All these increases in the use of cash in operations were offset by: (4) a decrease in changes to accrued dividends payable paid of \$734,228 (from \$734,228 in 2016 to \$Nil in 2016); and (5) the adjustment to cash used from operations from the increase in share-based compensation of \$186,416 (from \$64,403 in 2016 to \$250,819 in 2017).

Investing Activities

During the year ended December 31, 2018, the Company received cash from investing activities of \$27,703 as compared to a use of cash of \$22,009 in 2017: an increase of \$49,712; primarily due to cash received from the disposition of equipment of \$42,500 during 2018.

During the year ended December 31, 2017, the Company used cash for investing activities of \$22,009 as compared to \$11,402 in 2016: an increase of \$10,607. Cash was used to purchase property and equipment.

Financing Activities

During the year ended December 31, 2018, cash from financing activities decreased by \$296,092 from \$841,799 during the year ended December 31, 2017 to \$545,707 for the year ended December 31, 2018, resulting mainly from a decrease of \$289,405 from cash received from loans payable to related parties

from \$847,630 during the year ended December 31, 2017 to \$558,225 during the year ended December 31, 2018.

Financing activities consisted mainly of \$847,630 cash received from loans payable to related parties in the year ended December 31, 2017 (2016 – \$534,294), an increase of \$313,336.

Anticipated Cash Requirements

We anticipate that we will require the following funds to conduct our plan of operations over the next twelve months:

1. \$180,000 in connection with new technology pilot programs in the United States;
2. \$100,000 in connection with locating, evaluating and negotiating potential business opportunities; and
3. \$720,000 for operating expenses.

We require a minimum of approximately \$1,000,000 to proceed with our plan of operation over the next twelve months, exclusive of any acquisition or development costs. This amount may also increase if we are required to carry out due diligence investigations in regards to any prospective investment or business opportunity or if the costs of negotiating an applicable transaction are greater than anticipated. We have sufficient working capital to enable us to carry out our stated plan of expanding operation over the next twelve months. In addition, we plan to complete private placement sales of our common stock in order to raise the funds necessary to pursue our plan of operation and to fund our working capital in order to enable us to carry out expansion of our operation. There is no assurance that we will be successful in completing any private placement financings.

Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual financial statements for the year ended December 31, 2018, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon our achieving a profitable level of operation. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current shareholder, and obtaining debt financing, assuming such financing would be available, will increase our liabilities and future cash commitments.

C. *Research and Development, Patents and Licenses etc.*

As at December 31, 2018, we have completed development of our CMS for use on interactive touch screen hardware. The CMS has been tested and proven to improve the ease of use, presentation, and delivery of a wide variety of client-based information to those within an organization or to a public audience. It can also be combined with high utility self-service kiosks, such as secure mobile phone charging stations. The CMS is now ready to be marketed and distributed to information technology resellers and consumers around the world.

D. *Trend Information*

Please refer to the section entitled “Business Overview” for a discussion of the most significant recent trends in our production, sales, costs and selling prices and to this section, “Operating and Financial Review and Prospects”, for a discussion of known trends, uncertainties, demands, commitments or events that we believe are reasonably likely to have a material effect on our net operating revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F. Contractual Obligations

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements or other matters other than disclosed below. Management services provided are on a month-to-month basis.

The Company has entered into leases for the provision of facility space and capital assets until May 31, 2021 and July 31, 2022. The Company's future minimum lease payments for its leases are as follows:

Fiscal year ending December 31, 2019	\$ 69,091
Fiscal year ending December 31, 2020	\$ 61,849
Fiscal year ending December 31, 2021	\$ 26,817
Fiscal year ending December 31, 2022	\$ 5,248
TOTAL	\$ 163,005

G. Safe Harbor

Not applicable.

ITEM 6 Directors, Senior Management and Employees

A. Directors and Senior Management

All directors of our company hold office until the next annual meeting of our shareholders and until such director's successor is elected and has been qualified, or until such director's earlier death, resignation or removal. The following table sets forth the names, positions and ages of our executive officers and directors. Our board of directors elects officers and their terms of office are at the discretion of our board of directors.

Name	Position Held	Age	Date First Elected or Appointed
Ross J. Tocher	President, Chief Executive Officer, Secretary, Treasurer and Director interim Chief Financial Officer	57	September 10, 2008 ⁽¹⁾ January 28, 2011 ⁽¹⁾ December 5, 2018 ⁽¹⁾
Ted Cowie	Director	70	June 25, 2013
Glenn Cumyn	Director	55	February 6, 2019
Kevin McMillan	Director	56	February 6, 2019
Bruce Dale	Director	58	May 9, 2019

⁽¹⁾ Mr. Tocher has served as our president and chief executive officer since September 10, 2008. He has served as a director since January 28, 2011. He has served as Interim Chief Financial Officer since December 5, 2018.

Ross J. Tocher

Mr. Tocher has held the positions of President and Chief Executive Officer since he was appointed on September 10, 2008. Mr. Tocher became the interim Chief Financial Officer of our company on December 5, 2018, upon the resignation of Mr. Kortje. Mr. Tocher has over 30 years of experience managing investment strategies for a variety of family holding companies with interests in different industries. He was one of the founders of British Columbia based Pan-Canadian Mortgage Group Inc., specializing in commercial mortgage investment, and a co-founder of British Columbia based Gateway Casinos Ltd. Mr. Tocher was a trustee of the Gateway Casino Income Fund, Gateway Trust and director of Gateway G.P.

Prior to January 2001, he was the President of Marsonn Packaging Ltd., a company specializing in the repackaging of foods. He co-founded Brew King Ltd., a British Columbia company, and manufacturer of commercial and consumer wine-making concentrates that achieved worldwide sales as the largest non-commercial wine producer in North America before being sold, in 1997, to Andres Wines Ltd. Previously, Mr. Tocher was also a senior executive with the Tocher family business. Since 1998, he has gained experience as a director of several private equity companies, including British Columbia based Trian Equities Ltd., and he has been the President of Knight Ventures, Ltd., an investment company, and was a founder of InTouch Digital Media Inc. in 2008 to commence business in China.

Throughout 2011, Mr. Tocher was the principal founding sponsor of the Heroes Hockey Challenge™, recruiting TELUS® as presenting sponsor. Heroes Hockey Challenge™ is a charitable fundraiser for the PPCLI Foundation, pairing NHL star alumni against Canadian soldiers in a hockey match and at a gala to raise money for families of wounded/fallen soldiers.

Ted Cowie

Mr. Cowie has over 46 years of experience as a sales/marketing/advertising executive, going back to CFAV Victoria, CFUN Vancouver, and CFOV Vancouver from 1969-1980. He served as the Vice President Sales and Marketing for Westward Communications from 1980-2000. He is founder of Genuine Advertising, a marketing company, and has been its President since 2000.

Glenn Cumyn

Mr. Cumyn has been the Secretary and Treasurer of SFE Global Inc., a company, since 2002. He is a graduate of BCIT in Civil Engineering Technology and Construction Management. Prior to founding SFE Global in 1991, Mr. Cumyn worked for large scale hazardous material abatement companies as a project manager.

Kevin McMillan

Mr. McMillan, has been the President of SFE Global Inc. since 1999. Prior to SFE Global, Mr. McMillan worked in project management in the oil and gas sector in oilfield production for major projects in North America, Romania, Russia and Yemen.

Bruce Dale

Mr. Dale has been working in construction for the past 35 years managing a variety of project types in the commercial, institutional, residential and civil sectors. Some notable projects that Mr. Dale managed include the 61 storey Shangri-la Vancouver, UBC Pharmaceutical Sciences building, Vancity office tower, Bentall 5 office tower and several other office towers, shopping centres, hospitals, prisons as well as a stint in Florida on the Disney Animal Kingdom theme park.

Mr. Dale is primarily a builder with most recent position as Operations Manager at Ledcor Construction from 2014 to 2018 and Graham Construction from 2013 to 2014. He is currently consulting for Tidball Projects Ltd. as an owners representative building the Oakridge Redevelopment Project, a \$3.5B undertaking.

As well, Mr. Dale is currently the chief operating officer for Blackcomb Façade Technologies, a curtain wall company specializing in passive house style windows to meet the growing demand for energy efficient buildings.

Relationships

There are no family relationships between any of the directors or executive officers of our company.

There are no arrangements or understandings between any of the directors and/or executive officers and any other person pursuant to which that director and/or executive officer was selected.

B. Compensation

Executive Compensation

The following table sets forth all compensation paid or accrued during the year ended December 31, 2018 to our directors, our Chief Executive Officer, Chief Financial Officer and each of the other most highly compensated executive officers whose total compensation exceeded \$150,000 in such fiscal year.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Ross J. Tocher ⁽¹⁾ <i>President, Chief Executive Officer, Secretary, Treasurer, interim Chief Financial Officer and Director</i>	2018	Nil	Nil	Nil	4,754	Nil	Nil	Nil	4,754
Kevin Kortje ⁽²⁾ <i>Former Chief Financial Officer</i>	2018	Nil	Nil	Nil	1,584	Nil	Nil	30,000 ⁽³⁾	1,584
Ted Cowie ⁽⁴⁾ <i>Director</i>	2018	Nil	Nil	Nil	1,267	Nil	Nil	Nil	1,267
Glenn Cumyn ⁽⁵⁾ <i>Director</i>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kevin McMillan ⁽⁵⁾ <i>Director</i>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Dale ⁽⁶⁾ <i>Director</i>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barbara Welsh <i>Director</i> ⁽⁷⁾	2018	Nil	Nil	Nil	3,169	Nil	Nil	Nil	3,169
Brian Petersen <i>Director</i> ⁽⁷⁾	2018	Nil	Nil	Nil	4,119	Nil	Nil	Nil	4,119
Steven Koles ⁽⁸⁾ <i>Director</i>	2018	Nil	Nil	Nil	1,267	Nil	Nil	Nil	1,267
Corrine Tocher ⁽⁹⁾ <i>Director</i>	2018	Nil	Nil	Nil	2,852	Nil	Nil	Nil	2,852

- (1) Mr. Tocher was appointed as our president and chief executive officer effective September 10, 2008, as a director effective January 28, 2011 and has served as our interim chief financial officer from December 5, 2018.
- (2) Mr. Kortje was our chief financial officer from January 28, 2011 to December 5, 2018.
- (3) Mr. Kortje received consulting fees of CAD\$2,500 per month. The consulting fees are paid to Mr. Kortje's personal corporation, KII Management Inc.
- (4) Mr. Cowie was appointed as a director on June 25, 2013.
- (5) Messrs. Cumyn and McMillan were appointed as directors on February 6, 2019.
- (6) Bruce Dale was appointed as a director on May 9, 2019.
- (7) Ms. Welsh and Mr. Petersen were directors of our company from January 28, 2011 to January 30, 2019.
- (8) Mr. Koles was a director of our company from April 30, 2014 to January 30, 2019.
- (9) Corrine Tocher was a director of our company from August 4, 2015 to January 30, 2019.

We do not provide pension, retirement or similar benefits to our directors or officers.

C. Board Practices

Our directors are re-elected and our officers are re-appointed at the annual general meeting of our shareholders. The last annual general meeting was held on November 6, 2018 and each of our current

directors and officers will continue to hold his respective office until his successor is elected or appointed, unless his office is earlier vacated under any of the relevant provisions of our Articles or of the Cayman Island's *Companies Law (Revised)* statute.

There are no service contracts between our company and any of our officers, directors or employees providing for benefits upon termination of employment.

Our audit committee is currently comprised of Ross J. Tocher and Glenn Cumyn, of which Mr. Cumyn is considered "independent". Mr. Tocher is not considered "independent" as he is our chief executive officer, interim chief financial officer, secretary and treasurer. We have determined that we do not have an audit committee member that qualifies as an "audit committee financial expert". The audit committee reviews and approves the scope of the audit procedures employed by our independent auditors, reviews the results of the auditor's examination, the scope of audits. We believe that the audit committee is capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. In addition, we believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have generated minimal revenues to date. The audit committee also recommends the selection of independent auditors. We do not have a remuneration or compensation committee.

This annual report does not include an attestation report of our company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our company's independent registered public accounting firm pursuant to rules of the SEC that permit our company to provide only management's report in this annual report.

D. Employees

As of December 31, 2018, we had five employees working on sales, software development and hardware integration in Burnaby, British Columbia. Additionally, the Corporation has engaged two contractors work from PRC.

E. Share Ownership

As of May 9, 2019, we had 71,128,456 common shares issued and outstanding. Of the shares issued and outstanding on that date, our directors and officers (or former directors and officers) owned the following common shares:

Name and Address of Beneficial Owner	Position Held With the Company	Amount and Nature of Beneficial Ownership	Percentage of Class ⁽¹⁾
Ross J. Tocher 116 - 2450 161A Street Surrey, BC V3S 8K4	President, Chief Executive Officer, Interim Chief Financial Officer and Director	30,325,135 common shares ⁽²⁾	42.63% ⁽⁴⁾
		9,868,923 class A shares ⁽³⁾	99.77% ⁽⁵⁾
		750,000 stock options	22.19% ⁽⁶⁾
Ted Cowie 110 - 20211 66 Avenue Langley, BC V2Y 1P3	Director	200,000 stock options	5.91% ⁽⁶⁾
Glenn Cumyn 201 - 26641 Fraser Highway Aldergrove, BC V4W 3L2	Director	75,000 ⁽⁷⁾	0.11% ⁽⁴⁾
Kevin McMillan 251 Peter Close Edmonton, AB T5T 5Y5	Director	75,000 ⁽⁸⁾	0.11% ⁽⁴⁾
Bruce Dale 16-2450 161A Street Surrey, BC V3Z 8K4	Director	54,000	0.076% ⁽⁴⁾
Kevin Kortje 2736 West 11 th Avenue Vancouver, BC V6K 2L9	Former Chief Financial Officer	Nil	N/A

Name and Address of Beneficial Owner	Position Held With the Company	Amount and Nature of Beneficial Ownership	Percentage of Class ⁽¹⁾
Barbara Welsh 104 - 8331 Eastlake Drive Burnaby, BC V5A 4W2	Former Director	Nil	N/A
Brian Petersen 1209 Prospect Avenue SW Calgary, AB T2T 0X4	Former Director	5,371,421 common shares ⁽⁹⁾	7.55% ⁽⁴⁾
		22,872 class A shares	0.23% ⁽⁵⁾
Gregory Dureault 8446 214B Street Langley, BC V1M2K7	Former Senior Vice President and General Counsel	250,000 stock options	7.40%
Steven Koles 1212 Montreal Avenue SW Calgary, AB T2T 0Z4	Former Director	Nil	N/A
Corrine Tocher 1890 Flicker Road Shawnigan Lake, BC V0R 2W5	Former Director	3,488,935 common shares ⁽¹⁰⁾	5.96% ⁽⁴⁾

(1) Except as otherwise indicated, we believe that the beneficial owners of the securities listed above, based on information furnished by such owners, have sole investment and voting power with respect to such securities, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common shares subject to options or warrants currently exercisable or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person

(2) Includes 6,171,021 common shares held by R J Tocher Holdings Ltd., a private company wholly owned by Mr. Tocher, 15,594,628 common shares held by Concept Financial Inc., a private company wholly owned by Mr. Tocher, and 8,259,486 common shares held by In Touch Digital Media, a private company wholly owned by Mr. Tocher.

(3) These class A shares are held by R J Tocher Holdings Ltd.

(4) Based on 71,128,456 common shares outstanding as of April 26, 2019.

(5) Based on 9,891,800 class A shares outstanding as of April 26, 2019.

(6) Based on 3,380,000 stock options outstanding as of April 26, 2019.

(7) These shares are held by Cumyn Holdings Ltd., a private company wholly owned by Mr. Cumyn.

(8) These shares are held by 914676 Alberta Ltd., a private company wholly owned by Mr. McMillan.

(9) Includes 375,000 common shares held by Brian K Petersen Family Trust, a trust which Brian Petersen is the trustee and 4,996,420 common shares held by Thunderstone Capital Inc., a private company held by Brian Petersen.

(10) These common shares held by C E Tocher Holdings Ltd., a private company wholly owned by Ms. Tocher.

ITEM 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

As of May 9, 2019, we had 71,128,456 common shares issued and outstanding. The following table sets forth persons known to us to be the beneficial owner of more than five (5%) of our common shares as of May 9, 2019:

Name	Number of Common Shares Beneficially Owned	Percentage ⁽¹⁾	Number of Class A Preferred Shares Beneficially Owned	Percentage
Ross J. Tocher ⁽²⁾ 104 - 8331 Eastlake Drive Burnaby, BC V5A 4W2	30,775,135	43.27%	9,994,407 ⁽³⁾	99.77%

(1) Based on 71,128,456 common shares issued and outstanding as of May 9, 2019. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common shares subject to options or warrants currently exercisable or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person

- (2) Includes 6,171,021 common shares held by R J Tocher Holdings Ltd., a private company wholly owned by Mr. Tocher, 15,594,628 common shares held by Concept Financial Inc., a private company wholly owned by Mr. Tocher, and 8,259,486 common shares held by In Touch Digital Media, a private company wholly owned by Mr. Tocher. On June 7, 2017, Mr. Tocher was granted 750,000 stock options at an exercise price of \$0.10 per share, expiring June 7, 2022. One-third of these options were vested June 7, 2017; one-third will be vested June 7, 2018; and the final one-third June 7, 2019.
- (3) On December 30, 2016, the Company converted \$7,863,855 of amounts owed to related parties into a further 7,863,855 Class A Preferred Shares in addition to 2,027,945 previously held by Ross Tocher at a price of \$1.00 per Class A Preferred Share. Includes an additional 6,961,774 Class A Preferred Shares held by Ross Tocher and 1,004,688 Class A Preferred Shares held by R.J. Tocher Holdings Ltd. Also includes 22,872 Class A Preferred Shares held by Thunderstone Capital Inc. (formerly B.K. Petersen Holdings Ltd.), a company owned by a director of the Company.

The voting rights of our major shareholder do not differ from the voting rights of holders of our company's shares who are not major shareholders.

As of May 9, 2019, our 71,128,456 issued and outstanding common shares are held as follows:

Location	Number of Shares	Percentage of Shares	Number of Registered Shareholders of Record
Canada	71,050,456	99.89%	176
United States	77,000	0.1%	35
Australia	1,000	*	1
Total	71,128,456	100.00%	212

* Less than 1%.

There are no arrangements known to us, the operation of which may at a subsequent date result in a change in the control of our company.

B. Related Party Transactions

For the year ended December 31, 2018, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at December 31, 2018 that are not otherwise disclosed elsewhere:

For the year ended December 31, 2018, the Company paid management fees of \$21,225 (2017 - \$23,103; 2016 - \$41,514) to companies controlled by former officers and directors; and salaries of \$Nil (2017 - \$57,758; 2016 - \$135,864) to an officer of the Company and spouse.

The Company recorded share-based compensation of \$27,148 (2017 - \$191,082; 2016 - \$64,403) as consulting fees and salaries paid to directors and officers for the year ended December 31, 2018.

As of December 31, 2018, the Company recorded in accounts payable and accrued liabilities: (i) \$14,557 (2017 - \$7,533) owed to a company controlled by a former director; (ii) \$19,241 (2017 - \$6,277) owed to a company controlled by a former officer; and (iii) \$3,635 (2017 - \$6,344) owed to a former director of the Company. The amounts owed are unsecured, non-interest bearing and due on demand.

As of December 31, 2018, \$1,469,663 (2017 - \$986,726) had been advanced by the President and a director of the Company; The advances were unsecured, non-interest bearing and due on demand.

On December 30, 2016, the Company converted \$7,863,855 of amounts owed to related parties into 7,863,855 Class A Preferred Shares at a price of \$1.00 per Class A Preferred Share.

These transactions were in the normal course of operations. Neither we, nor any of our subsidiaries, have made any loans to or for the benefit of any associates, major shareholders, key management personnel, or their families or related companies.

C. *Interests of Experts and Counsel*

Not applicable.

ITEM 8 Financial Information

A. *Financial Statements and Other Financial Information*

Our financial statements are stated in U.S. dollars and are prepared in accordance with US GAAP. Financial statements included with this annual company report are listed below:

Audited Annual Financial Statements for Qwick Media Inc. as at December 31, 2018, 2017 and 2016, and for the fiscal years ended December 31, 2018, 2017 and 2016:

- (a) Independent Auditor's Report of Morgan & Company LLP dated April 26, 2019 on the Financial Statements as at December 31, 2018, 2017 and 2016;
- (b) Balance Sheets at December 31, 2018 and 2017;
- (c) Statements of Operations for the years ended December 31, 2018, 2017 and 2016.
- (d) Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016
- (e) Statement of Shareholders' Equity (Deficiency) for the years ended December 31, 2018, 2017 and 2016
- (f) Notes to Financial Statements.

Legal Proceedings

There are no pending legal proceedings to which we are a party or of which any of our property is the subject. There are no legal proceedings to which any director, officer or affiliate of our company or any associate of any such director, officer or affiliate of our company is a party or has a material interest adverse to us.

Dividend Distributions

Holders of our common shares are entitled to receive such dividends as may be declared from time to time by our board, in its discretion, out of funds legally available for that purpose. We intend to retain future earnings, if any, for use in the operation and expansion of our business and do not intend to pay any cash dividends in the foreseeable future.

B. *Significant Changes*

None.

ITEM 9 The Offer and Listing

A. *Offer and Listing Details*

Our common shares were initially quoted on the OTC Bulletin Board under the trading symbol "TUSMF" in October 2001. On March 15, 2011, we changed our trading symbol to "QWIKF" and our common shares are now quoted on the Pink Sheets operated by OTC Markets. Trading in our shares on the Pink Sheets has been extremely limited and sporadic. There were no trades of our common shares from 2001 until June 2011 at a price of \$0.70 per share and since then there have been no trades.

On March 20, 2015, our common shares were listed for trading on the Canadian Securities Exchange under the symbol “QMI”.

On March 20, 2015, we announced a changed of our registrar and transfer agent from Empire Stock Transfer Inc. to VStock Transfer, LLC, which is now our primary transfer agent. We also announced the appointment of TMX Equity Transfer Services as our co-transfer agent and registrar for Canadian purposes in connection with the listing of our common shares on the Canadian Securities Exchange.

Our authorized capital consists of 400,000,000 common shares with a par value of \$0.001 per share and 100,000,000 preferred shares with a par value of \$0.001 per share. Our preferred shares may be issued in one or more series and our directors may fix the number of shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series.

Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, receive any dividend declared by our company’s board of directors and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, receive the remaining property of our company upon dissolution.

All of our common shares are issued in registered form. On March 20, 2015, we announced a changed of our registrar and transfer agent from Empire Stock Transfer Inc. to VStock Transfer, LLC, which is now our primary transfer agent. We also announced the appointment of TMX Equity Transfer Services, having an address at 200 University Avenue, Suite 300, Toronto, Ontario, Canada M5H 4H1 (telephone: (866) 393-4891; fax: (416) 361-0930) as our co-transfer agent and registrar for Canadian purposes in connection with the listing of our common shares on the Canadian Securities Exchange.

The transfer of our common shares is managed by our primary transfer agent, VStock Transfer, LLC, 18 Lafayette Place, Woodmere, New York, USA 11598 (Telephone: (212) 828-8436; Facsimile: (212) 536-3179).

B. *Plan of Distribution*

Not applicable.

C. *Markets*

Our common shares are quoted on the Pink Sheets, operated by OTC Markets, under the symbol “QWIKF”.

On March 20, 2015, our common shares also became listed for trading on the Canadian Securities Exchange under the symbol “QMI”. Our shares are not currently listed or quoted for trading on any other market or quotation system.

D. *Selling Shareholders*

Not applicable.

E. *Dilution*

Not applicable.

F. *Expenses of the Issue*

Not applicable.

ITEM 10 Additional Information

A. *Share Capital*

Not applicable.

B. Memorandum and Articles of Association

The information required by this item is incorporated herein by reference from our prospectus filed on June 9, 2009.

C. Material Contracts

During the last two years immediately preceding May 9, 2019, we have entered into the following material contracts:

1. Share Purchase Agreement dated February 11, 2019 between our company and SFE Global Inc.

D. Exchange Controls

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of our common shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax. See "Taxation" below.

E. Taxation

Material Cayman Islands Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties that may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

No stamp duties are payable on the issue or transfer of shares. An agreement to transfer shares may be subject to stamp duty if the agreement is executed in the Cayman Islands or, if executed outside the Cayman Islands, subsequently brought into the Cayman Islands. The Stamp Duty Law (2007 Revision), as amended, does not provide who is liable to pay stamp duty on any document but, in practice, the person who seeks to rely on the document in any civil court proceedings will be required to pay stamp duty in order to have the document admitted in evidence.

Material United States Federal Income Tax Consequences

The following is a general discussion of certain possible United States Federal foreign income tax matters under current law, generally applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all aspects of United States Federal income tax matters and does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. See "Certain Canadian Federal Income Tax Consequences" above.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. No assurance can be given that the IRS will agree with such statements and conclusions, or will not take, or a court will not adopt, a position contrary to any position taken herein.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal, business or tax advice to any holder or prospective holder of our common

shares, and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares are urged to consult their own tax advisors with respect to Federal, state, local, and foreign tax consequences of purchasing, owning and disposing of our common shares.

U.S. Holders

As used herein, a “U.S. Holder” includes a holder of less than 10% of our common shares who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, any entity which is taxable as a corporation for United States tax purposes and any other person or entity whose ownership of our common shares is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

Distributions

The gross amount of a distribution paid to a U.S. Holder will generally be taxable as dividend income to the U.S. Holder for United States federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions which are taxable dividends and which meet certain requirements will be “qualified dividend income” and taxed to U.S. Holders at a maximum United States federal rate of 15%. Distributions in excess of our current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent the U.S. Holder’s tax basis in the common shares and, to the extent in excess of such tax basis, will be treated as a gain from a sale or exchange of such shares.

Capital Gains

In general, upon a sale, exchange or other disposition of common shares, a U.S. Holder will generally recognize a capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other distribution and the U.S. Holder’s adjusted tax basis in such shares. Such gain or loss will be a United States source gain or loss and will be treated as a long-term capital gain or loss if the U.S. Holder’s holding period of the shares exceeds one year. If the U.S. Holder is an individual, any capital gain will generally be subject to United States federal income tax at preferential rates if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Foreign Tax Credit

A U.S. Holder who pays (or has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer’s income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the tax credit, among which is an ownership period requirement and the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder’s United States income tax liability that the U.S. Holder’s foreign source income bears to his or its worldwide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. The availability of the foreign tax credit and the application of these complex limitations on the tax credit are fact specific and holders and prospective holders of our common shares should consult their own tax advisors regarding their individual circumstances.

Passive Foreign Investment Corporation

We do not believe that we are a passive foreign investment corporation (a “PFIC”). However, since PFIC status depends upon the composition of a company’s income and assets and the market value of its assets and shares from time to time, there is no assurance that we will not be considered a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U.S. Holder held shares, certain adverse tax consequences could apply to the U.S. Holder. If we are treated as a PFIC for any taxable year, gains recognized by such U.S. Holder on a sale or other disposition of shares would be allocated ratably over the U.S. Holder’s holding period for the shares. The amount allocated to the taxable year of the sale or other exchange and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as applicable, and an interest charge would be imposed on the amount allocated to such taxable year. Further, any distribution in respect of shares in excess of 125% of the average of the annual distributions on shares received by the U.S. Holder during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, would be subject to taxation as described above. Certain elections may be available to U.S. Holders that may mitigate some of the adverse consequences resulting from PFIC status. However, regardless of whether such elections are made, dividends paid by a PFIC will not be “qualified dividend income” and will generally be taxed at the higher rates applicable to other items of ordinary income.

U.S. Holders and prospective holders should consult their own tax advisors regarding the potential application of the PFIC rules to their ownership of our common shares.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning our company referred to in this annual report may be viewed by appointment during normal business hours at our executive offices at 104 – 8331 Eastlake Drive, Burnaby, British Columbia, Canada V5A 4W2.

I. Subsidiary Information

Not applicable. All information regarding our subsidiaries is called for by the body of generally accepted accounting principles used in preparing our financial statements.

ITEM 11 Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 12 Description of Securities Other Than Equity Securities

Not applicable.

PART II

ITEM 13 Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15 Controls and Procedures

A. Disclosure Controls and Procedures

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on this evaluation, these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected.

B. Management's Report on Internal Control Over Financial Reporting

Our company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our company. Our company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that our company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the design and operation of our internal control over financial reporting as of December 31, 2016 based on the criteria set forth in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management concluded our internal control over financial reporting was effective as at December 31, 2016. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

C. Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 15T Controls and Procedures

Not applicable.

ITEM 16 [Reserved]

ITEM 16A Audit Committee Financial Expert

Our board of directors has determined that Brian Petersen qualifies as an “audit committee financial expert” as defined in Item 16A(b) of Form 20-F, and is “independent” as the term is defined by Nasdaq Marketplace Rule 5605(a)(2).

ITEM 16B Code of Ethics

Code of Ethics

Effective March 15, 2004, our company’s board of directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our company’s president and secretary (being our principal executive officer, principal financial officer and principal accounting officer), as well as persons performing similar functions. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
3. compliance with applicable governmental laws, rules and regulations;
4. the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and
5. accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company’s personnel shall be accorded full access to our president and secretary with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our company’s personnel are to be accorded full access to our company’s board of directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our president or secretary.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company’s President or Secretary. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the President or Secretary, the incident must be reported to any member of our board of directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company

policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics was filed with the Securities and Exchange Commission on March 30, 2004 as Exhibit 14.1 to our annual report on Form 10-KSB. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to 8652 Commerce Court, Burnaby, British Columbia, Canada V5A 4N6.

ITEM 16C Principal Accountant Fees and Services

Audit Fees. This category includes the fees for the audit of our financial statements and the quarterly reviews of interim financial statements. This category also includes advice on audit and accounting matters that arose during or as a result of the audit or the review of interim financial statements and services in connection with Securities and Exchange Commission filings.

Audit-Related Fees. This category includes assurance and related services that are reasonably related to the performance of the audit or review of the financial statements that are not reported under Audit Fees, and describes the nature of the services comprising the fees disclosed under this category.

Tax Fees. This category includes the fees for professional services rendered for tax compliance, tax advice and tax planning, and describes the nature of the services comprising the fees disclosed under this category.

All Other Fees. This category includes products and services provided by the principal accountant, other than the services reported under Audit Fees, Audit-Related Fees or Tax Fees.

Our current independent public accountants provided audit and other services during the fiscal years ended December 31, 2018 and 2017 as follows:

	2018 (\$)	2017 (\$)
Audit Fees	26,627	24,642
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total Fees	26,627	24,642

We do not use Morgan & Company LLP, Chartered Accountants, for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage Morgan & Company LLP, Chartered Accountants, to provide compliance outsourcing services.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before Morgan & Company LLP, Chartered Accountants, is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee (which consists of our entire board of directors); or
- entered into pursuant to pre-approval policies and procedures established by our board, provided the policies and procedures are detailed as to the particular service, our board is informed of each service, and such policies and procedures do not include delegation of the board of directors' responsibilities to management.

Our board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by our board either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by Morgan & Company LLP, Chartered Accountants, and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Morgan & Company LLP's independence.

ITEM 16D. Exemption from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E Purchases of Equity Securities by the Company and Affiliated Purchasers

Not applicable.

ITEM 16F Change in Registrant's Certifying Accountant

Not applicable.

ITEM 16G Corporate Governance

Not applicable.

ITEM 16H Mine Safety Disclosure

Not applicable.

ITEM 17 Financial Statements

Financial Statements Filed as Part of this Report:

Audited Annual Financial Statements for Qwick Media Inc. as at December 31, 2018, 2017 and 2016:

- (a) Independent Auditor's Report of Morgan & Company LLP dated April 26, 2019 on the Financial Statements as at December 31, 2018, 2017 and 2016;
- (b) Balance Sheets at December 31, 2018 and 2017;
- (c) Statements of Operations for the years ended December 31, 2018, 2017 and 2016
- (d) Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016
- (e) Statement of Stockholders' Equity (Deficiency) for the years ended December 31, 2018, 2017 and 2016
- (f) Notes to Financial Statements.

QWICK MEDIA INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2018, 2017 and 2016

(Stated in U.S. Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Qwick Media Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Qwick Media Inc. (the "Company") as at December 31, 2018 and 2017, the related consolidated statements of operations, cash flows, and shareholders' deficiency, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

The accompanying financial statements referred to above have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred losses from operations since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fulfill its operating activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have served as the Company's auditor since 2000.

Vancouver, Canada

"Morgan & Company LLP"

April 26, 2019

Chartered Professional Accountants

QWICK MEDIA INC.
CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

	DECEMBER 31,	
	2018	2017
ASSETS		
Current		
Cash	\$ 42,973	\$ 17,206
Receivables	27,374	12,864
Inventory (Note 3)	117,230	128,773
Prepaid expenses	39,116	21,911
Total Current Assets	226,693	180,754
Equipment (Note 4)	67,069	89,624
Intangible Assets (Note 5)	67,975	78,718
Total Assets	\$ 361,737	\$ 349,096
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 160,181	\$ 103,877
Due to related parties (Note 7)	1,469,663	911,438
Current portion of capital lease obligations (Note 6)	9,210	9,475
Total Current Liabilities	1,639,054	1,024,790
Deferred Revenue	–	3,188
Capital Lease Obligations (Note 6)	25,580	37,833
Total Liabilities	1,664,634	1,065,811
SHAREHOLDERS' DEFICIENCY		
Share Capital		
Authorized:		
400,000,000 common shares, \$0.001 par value;		
100,000,000 preferred shares, \$0.001 par value, and series as determined by directors.		
Common Stock – 71,128,456 common shares issued at December 31, 2018 and 2017	71,128	71,128
Preferred Stock – 9,891,800 preferred shares issued at December 31, 2018 and 2017	9,892	9,892
Additional Paid-in Capital	15,262,576	15,226,143
Deficit	(16,646,493)	(16,023,878)
Total Shareholders' Deficiency	(1,302,897)	(716,715)
Total Liabilities and Shareholders' Deficiency	\$ 361,737	\$ 349,096

Going Concern, Commitments and Contractual Obligations (Notes 1 and 10)

The accompanying notes are an integral part of these consolidated financial statements.

QWICK MEDIA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,		
	2018	2017	2016
Revenue	\$ 154,313	\$ 135,817	\$ 654,916
Expenses			
Advertising and promotion	36,061	36,479	19,877
Amortization	31,662	23,306	24,085
Consulting fees (Notes 7 and 8)	106,537	320,203	183,652
Filing fees	24,611	11,947	14,694
Foreign exchange (gain) loss	(113,327)	39,912	140,015
Interest and bank charges	6,870	6,349	5,536
Inventory costs	60,266	62,631	383,282
Management fees (Note 7)	21,225	23,103	41,514
Office and administrative	70,359	83,454	106,485
Professional fees	74,766	38,664	30,899
Rent	85,331	116,522	127,070
Salaries, wages and benefits (Note 7)	383,741	469,851	568,310
Travel	14,981	7,370	13,395
Total Expenses	803,083	1,239,791	1,658,814
Operating Loss	(648,770)	(1,103,974)	(1,003,898)
Other Income			
Interest income	88	72	162
Gain on disposal of equipment	26,067	-	-
Reversal of accrued dividends payable (Note 9)	-	-	734,228
Net Loss For The Year	\$ (622,615)	\$ (1,103,902)	\$ (269,508)
Basic And Diluted Loss Per Common Share	\$ (0.01)	\$ (0.02)	\$ (0.00)
Weighted Average Number Of Common Shares Outstanding	71,128,456	71,128,456	71,128,456

The accompanying notes are an integral part of these consolidated financial statements.

QWICK MEDIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,		
	2018	2017	2016
Cash Flows (Used In) Provided By:			
Operating Activities			
Net loss for the year	\$ (622,615)	\$ (1,103,902)	\$ (269,508)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	31,662	23,306	24,085
Share-based compensation	36,433	250,819	64,403
Inventory obsolescence	13,561	28,243	22,453
Gain on disposal of equipment	(26,067)	-	-
Changes in operating assets and liabilities:			
Receivables	(14,510)	21,627	137,539
Prepaid expenses	(17,205)	7,891	9,396
Inventory	(2,018)	(10,618)	(67,842)
Deferred revenue	(3,188)	3,188	-
Due to related parties	-	-	311,233
Accrued dividends payable	-	-	(734,228)
Accounts payable and accrued liabilities	56,304	(79,268)	(24,454)
Net cash used in operating activities	(547,643)	(858,714)	(526,923)
Investing Activities			
Purchase of equipment	(14,797)	(22,009)	(11,402)
Proceeds from disposition of equipment	42,500	-	-
Net cash provided by (used in) investing activities	27,703	(22,009)	(11,402)
Financing Activities			
Proceeds from loans payable to related parties	558,225	847,630	534,294
Principal portion of lease payments	(12,518)	(5,831)	-
Net cash provided by financing activities	545,707	841,799	534,294
Net Increase (Decrease) in Cash	25,767	(38,924)	(4,031)
Cash, Beginning of Year	17,206	56,130	60,161
Cash, End of Year	\$ 42,973	\$ 17,206	\$ 56,130
Non-cash investing and financing activities			
Acquisition of assets under capital leases	\$ -	\$ 53,139	\$ -
Issuance of preferred shares to settle related party debt	-	-	7,863,855

The accompanying notes are an integral part of these consolidated financial statements.

QWICK MEDIA INC.

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIENCY
YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Stated in U.S. Dollars)**

	SHARE CAPITAL						
	Number of Common Shares	Par Value	Number of Preferred Shares	Par Value	Additional Paid-in Capital	Deficit	TOTAL
Balance, December 31, 2015	71,128,456	\$ 71,128	2,027,945	\$ -	\$ 5,029,013	\$ (14,650,468)	\$ (9,550,327)
Reclassification of preferred shares	-	-	-	2,028	2,025,917	-	2,027,945
Issuance of preferred shares to settle related party debt	-	-	7,863,855	7,864	7,855,991	-	7,863,855
Share-based compensation	-	-	-	-	64,403	-	64,403
Net loss for the year	-	-	-	-	-	(269,508)	(269,508)
Balance, December 31, 2016	71,128,456	71,128	9,891,800	9,892	14,975,324	(14,919,976)	136,368
Share-based compensation	-	-	-	-	250,819	-	250,819
Net loss for the year	-	-	-	-	-	(1,103,902)	(1,103,902)
Balance, December 31, 2017	71,128,456	71,128	9,891,800	9,892	15,226,143	(16,023,878)	(716,715)
Share-based compensation	-	-	-	-	36,433	-	36,433
Net loss for the year	-	-	-	-	-	(622,615)	(622,615)
Balance, December 31, 2018	71,128,456	\$ 71,128	9,891,800	\$ 9,892	\$ 15,262,576	\$ (16,646,493)	\$ (1,302,897)

The accompanying notes are an integral part of these consolidated financial statements.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Organization

Qwick Media Inc. (the “Company”) is governed by the corporate laws of the Cayman Islands. It is currently a reporting issuer in the Provinces of British Columbia and Ontario, Canada. Principal executive offices are located in Vancouver, British Columbia, Canada. The registered office is in the Cayman Islands.

The Company was incorporated on October 5, 2000 under the laws of the State of Nevada, and has since domiciled to the Cayman Islands and become a foreign private issuer with the United States Securities and Exchange Commission (the “SEC”). The Company is in the business of developing interactive proprietary software, intellectual property and hardware. The Company earns its revenue from the sale of digital media kiosks, as well as the performance of various software consulting and implementation services, mainly in Canada and the U.S.

b) Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying consolidated financial statements, the Company has incurred accumulated losses of \$16,646,493 as at December 31, 2018 (2017 - \$16,023,878). The future of the Company is dependent upon its ability to obtain adequate financing and upon future profitable operations. Management has plans to seek additional capital financing through private placement and a public offering of the Company’s common shares and from the issuance of promissory notes. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of the Company’s wholly owned subsidiaries, Qeyos Ad Systems Inc. (“Qeyos”), incorporated in British Columbia, Canada, and Wuxi Xun Fu Information Technology Co., Ltd. (“Wuxi”), incorporated in the People’s Republic of China. The Company’s fiscal year-end is December 31. For all periods presented, all significant inter-company accounts and transactions have been eliminated in the consolidated financial statements. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The consolidated financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and Cash Equivalents

Cash consists of cash on deposit with high quality major financial institutions. The carrying amounts approximated fair market value due to the liquidity of these deposits. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2018 and 2017.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Management evaluates estimates and judgments on an ongoing basis. Actual results could differ from these estimates. The significant areas requiring management's estimates and assumptions include the fair value of shares issued to settle debt, share-based compensation, valuation of receivables and inventory, estimated life, amortization rates and impairment of long-lived assets, valuation allowance for income tax purposes, and fair value measurement of financial instruments.

c) Revenue Recognition

The Company earns its revenue from the sale of digital kiosks, as well as the performance of various software consulting and implementation services, mainly in the Canada and the US.

Effective January 1, 2018, the Company adopted the new revenue standard, ASC 606, Revenue from Contracts with Customers, using the modified retrospective transition approach. Adoption of this standard had no effect on the Company's reported revenues.

In accordance with ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services.

To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, it performs the following five steps:

- (i) identify the contract(s) with a customer;
- (ii) identify the performance obligations in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company applies the five-step model to contracts when it determines that it is probable it will collect substantially all of the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price, after consideration of variability and constraints, if any, that is allocated to the respective performance obligation when the performance obligation is satisfied.

d) Software Development Costs

The Company accounts for software development costs in accordance with Accounting Standards Codification ("ASC") 985-20, *Software - Cost of Software to Be Sold, Leased*, whereby costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established and all research and development activities for the other components of the product or processes have been completed, at which time any additional costs are capitalized. In accordance with ASC 985-705, software modification costs to satisfy upgrades and changes in system configurations are expensed as incurred.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Software Development Costs (Continued)

To December 31, 2018, software development costs, comprised of salaries, wages and benefits, and direct overhead, have been charged to operations as the research and development activities for other components of the product and processes have not been completed.

e) Inventory

Inventory is recorded at the lower of cost or market, with cost being determined on the weighted average method. When required, a provision is made to reduce excess and obsolete inventory to estimated net realizable value. The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs to make the sale. Inventory consists of computers, monitors, printers, parts and enclosures, and general inventory.

f) Equipment and Amortization

Equipment is recorded at cost and amortized using the declining-balance and straight-line method at rates determined to estimate the useful lives of the assets. The annual rates used in calculating amortization are as follows:

Computer hardware	30% declining-balance
Computer software	50% declining-balance
Office furniture	20% declining-balance
Automobile	20% declining-balance
Equipment	30% declining-balance
Shop equipment	30% declining balance
Shop equipment under capital leases	Straight-line over 60 months

g) Intangible Assets

Patents, trademarks and other rights have been capitalized in accordance with ASC 350-40, *Intangibles – Goodwill and Other – Internal-Use Software*. Amortization is calculated on a straight line basis over an estimated useful life of 10 years.

If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying value over the fair value of the asset.

h) Leases

Lease agreements are evaluated to determine whether they are capital or operating leases in accordance with ASC 840, *Leases*. When any one of the four test criteria in ASC 840 is met, the lease then qualifies as a capital lease.

Capital leases are capitalized at the lower of the net present value of the total amount payable under the leasing agreement (excluding finance charges) or the fair market value of the leased asset. Capital lease assets are amortized on a straight-line basis, over a period consistent with the Company's normal amortization policy for tangible fixed assets, but not exceeding the lease term. Interest charges are expensed over the period of the leases in relation to the carrying value of the capital lease obligations.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are translated in accordance with ASC Topic 830, *Foreign Currency Matters*, into U.S. dollars and reported as follows:

- i) monetary items at the exchange rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average exchange rate in effect during the applicable accounting period.

Gains and losses on foreign currency transactions are reported in the statements of operations.

j) Basic and Diluted Loss Per Share

The Company computes loss per share in accordance with ASC 260, *Earnings Per Share*. Under these provisions, basic loss per share is computed using the weighted average number of common shares outstanding during the periods. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common shares outstanding during the period. As the Company generated net losses in the periods presented, the basic and diluted loss per share is the same, as the exercise of options or warrants would be anti-dilutive.

k) Financial Instruments

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (ASC 825): Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01)*, which requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The ASU also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. Entities have to assess the realizability of such deferred tax assets in combination with the entities' other deferred tax assets. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017 and for interim periods within those fiscal years. The Company adopted this guidance effective January 1, 2018 with no material impact on its consolidated financial statements.

ASC 820, *Fair Value Measurements and Disclosures*, and ASC 825, *Financial Instruments*, establish a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers are:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Cash consists of cash on deposit with a high quality major financial institution. The carrying cost approximates fair value due to the liquidity of these deposits. The carrying amounts of other financial assets and liabilities, comprising receivables, loans receivable, accounts payable and accrued liabilities, and due to and loans payable to related parties, were a reasonable approximation of their fair value.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Income Taxes

The Company has adopted ASC 740, *Income Taxes*. This standard requires the use of an asset and liability approach for financial accounting, and reporting on income taxes. Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

m) Asset Impairment

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable, pursuant to guidance established in ASC 360-50, *Impairment or Disposal of Long-lived Assets*. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by its assets to their respective carrying amounts. If impairment is deemed to exist, assets are written down to fair value.

n) Comprehensive Loss

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive items in the consolidated financial statements. As at December 31, 2016, 2015 and 2014, the Company had no items that represent a comprehensive income or loss and, therefore, has not included a statement of comprehensive loss in the consolidated financial statements.

o) Equity Instruments

In situations where common shares are issued and the fair value of the goods or services received is not readily determinable, the fair value of the common shares is used to measure and record the transaction. The fair value of the common shares issued in exchange for the receipt of goods and services is based on the share price as of the earliest of:

- i) the date at which the counterparty's performance is complete;
- ii) the date at which a commitment for performance by the counterparty to earn the common shares is reached; or
- iii) the date at which the common shares are issued if they are fully vested and non-forfeitable at that date.

The Company has a share-based compensation plan which is described more fully in Note 8. The Company measures the compensation cost of stock options and other share-based awards to employees and directors at fair value at the grant date and recognizes compensation expense over the requisite service period for awards expected to vest. Except for transactions with employees and directors, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable. Additionally, the Company has determined that the dates used to value the transaction are either:

- i) The date at which a commitment for performance by the counter party to earn the equity instruments is established; or
- ii) The date at which the counter party's performance is complete.

p) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

3. INVENTORY

	2018	2017
Computers	\$ 9,653	\$ 9,698
Monitors	29,921	31,779
Printers	3,551	2,175
Charging stations	22,715	24,968
Parts and enclosures	48,775	56,481
General	2,615	3,672
	\$ 117,230	\$ 128,773

During the year, the Company recorded inventory obsolescence in the amount of \$13,561 (2017 - \$28,243; 2016 - \$22,453).

4. EQUIPMENT

	2018		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 38,713	\$ 37,619	\$ 1,094
Computer software	1,950	1,950	-
Office furniture	11,828	7,634	4,194
Equipment	52,932	42,741	10,191
Shop equipment	22,009	7,503	14,506
Shop equipment under capital leases	53,139	16,055	37,084
	\$ 180,571	\$ 113,502	\$ 67,069
	2017		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 38,713	\$ 37,115	\$ 1,598
Computer software	1,950	1,950	-
Office furniture	11,828	6,745	5,083
Automobile	8,669	3,812	4,857
Equipment	52,395	42,743	9,652
Shop equipment	22,009	1,287	20,722
Shop equipment under capital leases	53,139	5,427	47,712
	\$ 188,703	\$ 99,079	\$ 89,624

5. INTANGIBLE ASSETS

	2018		
	Cost	Accumulated Amortization	Net Book Value
Trademarks	\$ 78,214	\$ 28,736	\$ 49,478
Patents	21,818	8,000	13,818
Intellectual property	7,388	2,709	4,679
	\$ 107,420	\$ 39,445	\$ 67,975

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

5. INTANGIBLE ASSETS (Continued)

	2017		
	Cost	Accumulated Amortization	Net Book Value
Trademarks	\$ 78,214	\$ 20,915	\$ 57,299
Patents	21,818	5,818	16,000
Intellectual property	7,388	1,969	5,419
	<u>\$ 107,420</u>	<u>\$ 28,702</u>	<u>\$ 78,718</u>

6. CAPITAL LEASE OBLIGATIONS

The Company leases shop equipment under capital leases at an effective annual interest rate of 5.56% over a period of 60 months ending in mid-2022. At December 31, 2018, \$34,790 (2017 – \$47,308) were owed on these leases. During the year ended December 31, 2018, \$12,518 (2017 – \$4,684) in principal payments on the leases were made. Future lease payments total \$34,790 consisting of \$9,210 due in one year and \$25,580 due after one year.

The leased shop equipment are amortized over 5 years on a straight-line basis. Included in Equipment (Note 4) are shop equipment under capital leases of \$53,139 (2017 – \$53,139) with a carrying value at December 31, 2018 of \$37,084 (2017 – \$47,712) after accumulated amortization of \$16,055 (2017 – \$5,427).

7. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

For the year ended December 31, 2018, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at December 31, 2018 that are not otherwise disclosed elsewhere:

- For the year ended December 31, 2018, the Company paid management fees of \$21,225 (2017 – \$23,103; 2016 – \$41,514) to companies controlled by former officers and directors; and salaries of \$Nil (2017 – \$57,758; 2016 – \$135,864) to an officer of the Company and spouse.
- The Company recorded share-based compensation of \$27,148 (2017 – \$191,082; 2016 – \$64,403) as consulting fees and salaries paid to directors and officers for the year ended December 31, 2018.
- As of December 31, 2018, the Company recorded in accounts payable and accrued liabilities: (i) \$14,557 (2017 – \$7,533) owed to a company controlled by a former director; (ii) \$19,241 (2017 – \$6,277) owed to a company controlled by a former officer; and (iii) \$3,635 (2017 – \$6,344) owed to a former director of the Company. The amounts owed are unsecured, non-interest bearing and due on demand.
- As of December 31, 2018, \$1,469,663 (2017 – \$986,726) had been advanced by the President and a director of the Company; The advances were unsecured, non-interest bearing and due on demand.
- On December 30, 2016, the Company converted \$7,863,855 of amounts owed to related parties into 7,863,855 Class A Preferred Shares at a price of \$1.00 per Class A Preferred Share.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

8. STOCK OPTIONS

The Company adopted a Stock Option Plan under which the Company can grant up to 6,620,230 common shares to its officers, directors, employees and consultants. The fair values of stock options granted are estimated at the date of the grant using the Black-Scholes option-pricing model.

The Company did not grant any stock options during the year ended December 31, 2016.

On June 7, 2017, the Company granted 4,630,000 options to directors, officers, and third parties of the Company, of which each option is exercisable for a period of 5 years at a price of \$0.07. These options will vest as follows: 1,543,333 on June 7, 2017, 1,543,333 on June 7, 2018, and 1,543,333 on June 7, 2019.

During the year ended December 31, 2018, the Company recorded share-based compensation of \$36,433 (2017 – \$250,819, 2016 - \$64,403) as consulting expenses and salaries related to the vesting and issuance of stock options.

The fair value assumptions used were as follows:

	2018	2017	2016
Expected dividend yield	N/A	0%	N/A
Risk-free interest rate	N/A	1.74%	N/A
Expected volatility	N/A	140%	N/A
Expected option life (in years)	N/A	5	N/A

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding, December 31, 2016	1,900,000	\$0.20	3.20
Granted in 2017	4,630,000	\$0.07	3.15
Outstanding, December 31, 2017 and 2018	6,530,000	\$0.11	2.77
Exercisable, December 31, 2018	4,986,666	\$0.12	2.57

A summary of the status of the Company's non-vested options and changes are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2016	350,000	\$0.16
Granted	4,630,000	\$0.07
Vested	(1,893,333)	\$0.07
Non-vested at December 31, 2017	3,086,667	\$0.07
Vested	(1,543,333)	\$0.18
Non-vested at December 31, 2018	1,543,334	\$0.18

As at December 31, 2018, there was \$33,883 (2017 – \$70,551) in total unrecognized compensation cost related to non-vested stock options.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

8. STOCK OPTIONS (Continued)

As at December 31, 2018, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
600,000	\$0.20	April 30, 2019
300,000	\$0.20	July 31, 2020
1,000,000	\$0.20	September 4, 2020
4,630,000	\$0.07	June 7, 2022
<u>6,530,000</u>		

9. REDEEMABLE PREFERRED SHARES

On November 15, 2011, the Company created one series of the 100,000,000 preferred shares it is authorized to issue, consisting of 25,000,000 shares, to be designated as Class A Preferred Shares.

During the year ended December 31, 2011, the Company completed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of the issuance of 1,000,000 Class A Preferred Shares at a price of \$1.00 per Class A Preferred Share for gross proceeds of \$1,000,000, and converted the principal amount of a debenture and accrued interest thereon to the related party, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of \$1.00 per Class A Preferred Share.

As at December 31, 2015, the holder of the Class A Preferred Shares agreed to not exercise the retractable rights to have the Company redeem the Class A Preferred Shares, for the next two years.

On December 30, 2016, the Company amended the rights and restrictions of the Class A Preferred Shares to remove the redemption rights of the holder and revise the conversion rights. The principal terms of the Class A Preferred Shares are as follows:

Voting rights – The Class A Preferred Shares have voting rights (one vote per share) equal to those of the Company's common shares.

Dividend rights – The Class A Preferred Shares carry a cumulative cash dividend of 10% of earnings before interest, tax, depreciation and amortization per annum. The accrued dividends payable are classified as interest expense in the statements of operations.

Conversion rights – The holders of the Class A Preferred Shares have the right to convert each Class A Preferred Share, from time to time, at the option of the holder, into three common shares of the Company.

Redemption rights - At any time, the Company may redeem the Class A Preferred Shares for an amount equal to \$1.00 per share plus the amount of any accrued and unpaid dividends thereon.

The Company had originally classified the Class A Preferred Shares as a liability because they are redeemable beyond the control of the Company. As the modification of the Class A Preferred Shares added a substantive conversion option and removed the retractability feature, the Company has accounted for the modification as an extinguishment of the previous preferred stock and the issuance of new preferred stock.

The Company assessed the revised Class A Preferred Shares and concluded that they represented an equity host contract. The Company also concluded that conversion feature was clearly and closely related to the host contract and that the conversion feature was not beneficial. The Company also assessed the redemption option and concluded that it did not meet the definition of a derivative.

Finally, the Company concluded that as the Class A Preferred Shares were no longer redeemable at the option of the holder that they should be classified as permanent equity. The Company has determined that there was no difference between the fair value of the outstanding preferred shares and the modified preferred shares. Upon the modification, the Company has reclassified the outstanding preferred shares from debt to permanent equity.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

9. REDEEMABLE PREFERRED SHARES (Continued)

On December 30, 2016, the Company converted \$7,863,855 of amounts owed to related parties into 7,863,855 Class A Preferred Shares at a price of \$1.00 per Class A Preferred Share.

Effective December 30, 2016, accrued dividends payable to a director and his related holding company were waived. The waiver was accepted by the Company's Board of Directors as of December 30, 2016 such that the accrued dividends in the amount of \$734,228 are discharged from the Company's debt obligations. As such dividends were expensed, the Company has recaptured an equivalent amount of other income in the amount of \$734,228 effective December 30, 2016.

10. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters other than disclosed below. Management services provided are on a month-to-month basis.

The Company has entered into leases for the provision of facility space and capital assets until May 31, 2021 and July 31, 2022. The Company's future minimum lease payments for its leases are as follows:

Fiscal year ending December 31, 2019	\$ 69,091 (CDN \$ 94,257)
Fiscal year ending December 31, 2020	61,849 (CDN \$ 84,378)
Fiscal year ending December 31, 2021	26,817 (CDN \$ 36,585)
Fiscal year ending December 31, 2022	5,248 (CDN \$ 7,160)
Total	\$ 163,005 (CDN \$222,380)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents information about the Company's financial instruments that have been measured at fair value as of December 31, 2018, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

DECEMBER 31, 2018	FAIR VALUE INPUT LEVEL	HELD-FOR- TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	\$ 42,973	\$ 42,973	\$ 42,973
DECEMBER 31, 2017	FAIR VALUE INPUT LEVEL	HELD-FOR- TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	\$ 17,206	\$ 17,206	\$ 17,206

Due to the nature of cash, receivables and accounts payable, the fair value of these instruments approximated their carrying value.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk as at December 31, 2018 and 2017.

b) Translation risk

The Company's functional currency is the US dollar. The Company translates transactions in foreign currencies into US currency using rates on the date of the transactions. The Company translates foreign currency balances at period end using the rate in effect at the period end date. Translation risk is considered minimal.

c) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and liabilities.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2018, the Company had accounts payable of \$45,228 (2017 - \$37,825), which are due within 30 days or less. As at December 31, 2018, accrued liabilities consist of accrued accounting fees of \$21,990 (2017 - \$23,000).

12. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment, being the development of software and hardware for use in digital media kiosks.

The Company derives a substantial amount of its revenue from six customers (2017 – two; 2016 – two), which contributed approximately 86% (2017 - 50%; 2016 - 78%) of revenue for the year ended December 31, 2018.

13. INCOME TAXES

The provision for income taxes differs from the result which would be obtained by applying the statutory income tax rate of 27% (2017 - 26%; 2016 – 26%) to income before income taxes. The difference results from the following items:

	2018	2017	2016
Computed expected benefit income taxes	\$ (344,000)	\$ (216,000)	\$ (238,000)
Increase in valuation allowance	344,000	216,000	238,000
	\$ –	\$ –	\$ –

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Stated in U.S. Dollars)

13. INCOME TAXES (Continued)

Significant components of the Company's deferred income tax assets are as follows:

	<u>2018</u>	<u>2017</u>
Deferred income tax asset	\$ 4,395,000	\$ 4,051,000
Valuation allowance	(4,395,000)	(4,051,000)
	<u>\$ -</u>	<u>\$ -</u>

The Company has net operating losses of approximately \$16,276,000 (2017 - \$15,580,000), which, if unutilized, will expire through to 2038. Future tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

The Company and its subsidiaries file income tax returns in Canada. These tax returns are subject to examination by local taxation authorities provided the tax years remain open to audit under the relevant statutes of limitations.

ITEM 18 Financial Statements

Refer to “Item 17. Financial Statements”.

ITEM 19 Exhibits

The following exhibits are being filed as part of this annual company report, or are incorporated by reference where indicated:

Exhibit Number	Description of Exhibit
1.1	Memorandum of Association (incorporated by reference from Exhibit 3.1 to our current report on Form 8-K as filed with the SEC on August 5, 2009)
1.2	Articles of Association (incorporated by reference from Exhibit 3.2 to our current report on Form 8-K as filed with the SEC on August 5, 2009)
4.1	Promissory Note with In Touch Digital Media Inc. dated February 18, 2009
4.2	Promissory Note with In Touch Digital Media Inc. dated March 31, 2009 (incorporated by reference from Exhibit 10.5 to our registration statement on Form S-4 as filed with the SEC on April 9, 2009)
4.3	Promissory Note with In Touch Digital Media Inc. dated May 8, 2009 (incorporated by reference from Exhibit 10.9 to our quarterly report on Form 10-Q as filed with the SEC on May 15, 2009)
4.3	Form of Debt Settlement and Subscription Agreement, effective as of September 30, 2009 (incorporated by reference from our Annual Report on Form 20-F as filed with the SEC on April 29, 2010)
4.4	Share Exchange Agreement with Qeyos Ad Systems Inc. dated January 28, 2011 (incorporated by reference from our Annual Report on Form 20-F as filed with the SEC on February 3, 2011)
4.6	Debt Settlement and Subscription Agreement dated January 28, 2011 with R. J. Tocher Holdings Ltd. (incorporated by reference from our Annual Report on Form 20-F as filed with the SEC on February 3, 2011)
4.7	Form of Private Placement Subscription Agreement (incorporated by reference from our Annual Report on Form 20-F as filed with the SEC on February 3, 2011)
4.8	2011 Stock Option Plan (incorporated by reference from our Annual Report on Form 20-F as filed with the SEC on February 3, 2011)
4.9*	Share Purchase Agreement dated February 11, 2019 with SFE Global Inc.
8.1	Significant subsidiaries of our Company: Qeyos Ad Systems Inc., a British Columbia corporation, all of the shares of which are owned by our company, Wuxi Xun Fu Information Technology Co., Ltd., a company incorporated under the laws of the People’s Republic of China, all of the shares of which are owned by Qeyos and SFE Global Inc., a company incorporated under the laws of the State of Washington, all of the shares of which are owned by our company.
11.1	Code of Ethics (incorporated by reference from our Registration Statement on Form 20-F, as amended, filed on March 30, 2004).
12.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification of Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification of Interim Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

QWICK MEDIA INC.

By: /s/ Ross J. Tocher
Ross J. Tocher,
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2019

By: /s/ Ross J. Tocher
Ross J. Tocher
Interim Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Date: May 15, 2019