

Starrex International Ltd.

Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2019 and 2018

(Unaudited)

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Starrex International Ltd. (the "Company" or "Starrex") are the responsibility of the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the audited consolidated financial statements as at December 31, 2018. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed): "Dr. Deborah Merritt"
Chief Financial Officer

Toronto, Canada
May 28, 2019

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. These unaudited condensed interim consolidated financial statements as at, and for the three months ended March 31, 2019, have not been reviewed by the Company's auditors.

Starrex International Ltd.Condensed Interim Consolidated Statements of Financial Position
(Unaudited) (Expressed in U.S. dollars)

	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 65,844	\$ 160,345
Accounts receivable	647,906	462,316
Prepaid expenses	88,392	50,725
	802,142	673,386
Non-current Assets		
Property and equipment, net of depreciation (Note 7)	124,225	144,722
Intangible assets (Note 8)	1,365,619	1,423,958
Goodwill	915,288	915,288
Right-of-use assets (Note 3)	308,821	-
Total Assets	\$ 3,516,095	\$ 3,157,354
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,129,004	\$ 962,634
Contract liabilities (Note 12)	459,458	375,727
Note payable (Note 14)	654,918	602,370
	2,243,380	1,940,731
Non-current Liabilities		
Lease liabilities (Note 3)	343,583	-
Total liabilities	2,586,963	1,940,731
Capital and reserves		
Share capital (Note 9)	6,779,711	6,779,711
Contributed surplus (Note 10)	445,144	431,541
Accumulated other comprehensive income	(261,534)	(261,534)
Deficit	(6,034,189)	(5,733,095)
Total equity	929,132	1,216,623
Total liabilities and equity	\$ 3,516,095	\$ 3,157,354

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

Starrex International Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the periods ended March 31, 2019 and 2018

(Unaudited) (Expressed in U.S. dollars)

	Three months ended March 31,	
	2019	2018
Income		
Revenue from contracts with customers (Note 11)	\$ 2,456,990	\$ 2,062,315
Management fee income	\$ 3,210	\$ 37,990
Interest income	-	9,644
	2,460,200	2,109,949
Expenses		
Payroll expense	1,642,995	1,493,919
Credit bureau fees	471,582	188,886
Consumer tax report fees	3,483	-
General and administrative	317,063	321,338
Professional fees	87,185	90,064
Management and corporate services (Note 6)	82,640	82,640
Depreciation and amortization (Notes 7 and 8)	115,993	48,990
Shareholder services	4,114	4,455
Government, regulatory and filing fees	5,545	4,757
Share-based payments (Note 10)	13,603	25,500
Interest expense (Note 14)	9,731	5,507
	2,753,934	2,266,056
Loss before provision for income taxes	(293,734)	(156,107)
Income tax expense	7,360	-
Net loss and comprehensive loss for the period	\$ (301,094)	\$ (156,107)
Basic and diluted net loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	14,580,827	14,580,827

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

Starrex International Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (Expressed in U.S. dollars)

	Number of Shares	Value	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2017	14,580,827	\$ 6,779,711	\$ 230,196	\$ (4,921,505)	\$ (261,534)	\$ 1,826,868
Options granted	-	-	25,500	-	-	25,500
Convertible note	-	-	63,000	-	-	63,000
Net loss and comprehensive loss for the period	-	-	-	(156,107)	-	(156,107)
Balance, March 31, 2018	14,580,827	\$ 6,779,711	\$ 318,696	\$ (5,077,612)	\$ (261,534)	\$ 1,759,261
Balance, December 31, 2018	14,580,827	\$ 6,779,711	\$ 431,541	\$ (5,733,095)	\$ (261,534)	\$ 1,216,623
Shared-based payments (Note 10)	-	-	13,603	-	-	13,603
Net loss and comprehensive loss for the period	-	-	-	(301,094)	-	(301,094)
Balance, March 31, 2019	14,580,827	\$ 6,779,711	\$ 445,144	\$ (6,034,189)	\$ (261,534)	\$ 929,132

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

Starrex International Ltd.

Condensed Interim Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2019 and 2018
(Unaudited) (Expressed in U.S. dollars)

	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Net comprehensive loss for the period	\$ (301,094)	\$ (156,107)
Items not affecting cash:		
Depreciation and amortization (Notes 7 and 8)	115,993	48,987
Unpaid interest	2,545	-
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	(185,590)	(174,117)
Prepaid expenses	(2,191)	(5,476)
Accounts payable and accrued liabilities	166,372	440,317
Note payable	(30,000)	-
Share based payments (Note 10)	13,603	25,500
Lease payments	(33,802)	-
Contract liabilities (Note 12)	83,731	34,086
Cash used in operating activities	(170,432)	213,190
Cash flows from investing activities		
Proceeds from note receivables	-	583,617
Purchase of property and equipment (Note 7)	(4,070)	-
Acquisition of intangible assets	-	(1,500,000)
Cash used in investing activities	(4,070)	(916,383)
Cash flows from financing activities		
Proceeds from notes payable (Note 14)	80,000	505,508
Cash used in financing activities	80,6000	505,508
Decrease in cash and cash equivalents	(94,501)	(197,684)
Cash and cash equivalents, beginning of period	160,345	572,548
Cash and cash equivalents, end of period	\$ 65,844	\$ 311,864

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

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

1. Nature of Operations

Starrex International Ltd. (“Starrex” or the “Company”) was incorporated on October 2, 1982 pursuant to the Canada Business Corporation Act. The Company's address is 199 Bay Street, Suite 2200, Toronto, Ontario M5L 1G4. The Company's primary business is to acquire, manage and grow companies in the United States active in mortgage, real estate and other financial sectors.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 28, 2018.

2. Basis of Presentation

The Company has prepared these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, employing all of the same accounting policies and methods of computation as disclosed in the annual audited consolidated financial statements as at December 31, 2018, except as noted below. The notes to these unaudited condensed interim consolidated financial statements are intended to provide a description of events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2018. Certain disclosures that appear in the annual audited consolidated financial statements have not been produced in the unaudited condensed interim consolidated financial statements and, in this regard only, these unaudited condensed interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards (“IFRS”) for annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements as at December 31, 2018.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements include the Company and its wholly-owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, and Reliable Valuation Service, LLC. All subsidiaries at March 31, 2019 are 100% owned, directly or indirectly, and controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated upon consolidation.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

3. Significant Accounting Policies

Judgments and Estimates

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to these unaudited condensed interim consolidated financial statements are discussed below:

a. Goodwill

Goodwill and other intangible assets represent \$2,280,907 on the consolidated statements of financial position at March 31, 2019 (\$2,339,246 – December 31, 2018). These assets arose out of business combinations and are accounted for under the acquisition method of accounting, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective fair values. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital. As part of this allocation process, the Company must identify and attribute values and estimated lives to the intangible assets which may have finite lives.

Goodwill and other indefinite life intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (software, trade name, customer relationships, and non-compete agreements) and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

b. Estimated useful lives of long-lived assets

Significant judgment is involved in the determination of useful life for the computation of depreciation of property and equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

c. Income taxes

The Company's income tax expense, deferred tax assets and liabilities for unrecognized tax benefits reflects management's best estimate of current and future taxes to be paid. The Company is subject to income taxes in the United States and Canada. Significant judgments and estimates are required in the determination of the consolidated income tax expense.

d. Contingencies

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

3. Significant Accounting Policies - continued

Changes in Accounting Policies

Effective January 1, 2019, the Company adopted the following revised International Accounting Standards (“IAS”) and International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

- i) **IFRS 16, Leases (“IFRS 16”).** IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from its predecessor, IAS 17, Leases.

The Company adopted IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

Policy applicable from January 1, 2019

At inception of a contract the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate the lease-components and account for the lease and non-lease components as a single lease component.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

3. Significant Accounting Policies - continued

As a lessee

The Company recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Company has elected not to recognize right-of-use assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the three-month periods ended March 31, 2019 and 2018
(Unaudited) (stated in United States dollars)

4. Significant Accounting Policies - continued

Right-of-use assets

Right-of-use asset	Property	Total
As at January 1, 2019	\$ 341,909	\$ 341,909
Depreciation expense	33,088	33,088
Balance as at March 31, 2019	\$ 308,821	\$ 308,821

Lease liabilities as at March 31, 2019	Total	
As at January 1, 2019	\$ 377,385	\$ 377,385
Lease payments	33,802	33,802
Balance as at March 31, 2019	\$ 343,583	\$ 343,583

Amounts recognized in profit or loss as at March 31, 2019	Total	
Interest on lease liabilities	(\$ 4,960)	(\$ 4,960)

Amounts recognized in the statement of cash flows as at March 31, 2019	Total	
Total cash outflow for leases	(\$ 38,762)	(\$ 38,762)

Policy applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent upon the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit output nor equal to the current market price per unit of output.

Standards Issued or Amended Which Will be Adopted in Future Periods

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

3. Significant Accounting Policies - continued

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive, and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs, and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

4. Financial Instruments

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk.

The Company applies the IFRS 9 simplified approach to measuring expected losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the year end. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. All trade receivables are less than sixty days past due. On that basis, no allowance for doubtful accounts was recorded nor were expected losses determined on adoption of IFRS 9.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available working capital to meet its liquidity requirements.

	March 31, 2019		December 31, 2018
Cash and cash equivalents	\$ 65,844	\$	160,345
Current liabilities	\$ 2,243,380	\$	1,940,731

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

4. Financial Instruments - continued

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2019, the Company held immaterial amounts of cash and cash equivalents and accounts receivable in CDN currency and considers foreign currency risk to be low.

		March 31, 2019		December 31, 2018
Cash and cash equivalents	\$ CDN	-	\$ CDN	-
Accounts receivable		495		495
Accounts payable and accrued liabilities		(286,470)		(291,040)
Total	\$ CDN	(285,975)	\$ CDN	(290,545)

5. Capital Disclosures

The Company's objectives when managing capital are to maintain its ability to continue as a going concern in order to provide return for shareholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in equity as capital, which totals \$929,132 as at March 31, 2019 (December 31, 2018 - \$1,216,623).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended March 31, 2019 and the year ended December 31, 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE"). The impact of any violation of CSE requirements is not known and is ultimately dependent on the discretion of the CSE.

6. Related Party Transactions

AmCap Mortgage Ltd., a related customer (by common Director) accounted for \$1,089,377 for the period ended March 31, 2019 (2018 - \$1,104,905) of revenue to the Company. As at March 31, 2019, \$86,703 (2018 - \$37,995) is included in accounts receivable on the consolidated statements of financial position.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

6. Related Party Transactions - continued**Hilltop Financial, LLC**

On November 16, 2018, the Company entered into a Promissory Note with Hilltop Financial, LLC, a related party (by common Director) to be utilized as a revolving line of credit. The Company recorded \$2,222 in accrued interest for the period ended March 31, 2019 (2018 – \$Nil). As at March 31, 2019, the Company utilized \$160,000 (2018 - \$80,000) of the revolving line of credit, which is reported as a short-term liability (see Note 14).

Key Management Compensation

The Company had the following transactions with officers and directors of the Company and private companies controlled by officers and directors of the Company for management consulting and other services required:

- i) The Company incurred \$82,640 in management fees for the period ended March 31, 2019 (2018 - \$82,640) to the Chief Operating Officer, Chief Executive Officer and Chief Financial Officer for services provided. These fees are included in management and corporate services. At March 31, 2019 and 2018, all amounts had been paid.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

7. Property, Plant and Equipment

	Furniture & Equipment	Leasehold Improvements	Total
Cost			
As at December 31, 2017	\$ 415,893	\$ 72,201	\$ 488,094
Additions	47,845	-	47,845
As at December 31, 2018	\$ 463,738	\$ 72,201	\$ 535,939
Additions	\$ 4,070	\$ -	\$ 4,070
As at March 31, 2019	\$ 467,808	\$ 72,201	\$ 540,009
Accumulated depreciation			
As at December 31, 2017	\$ 257,119	\$ 38,376	\$ 295,495
Expense	85,549	10,173	95,722
As at December 31, 2018	\$ 342,668	\$ 48,549	\$ 391,217
Expense	21,988	2,579	24,567
As at March 31, 2019	\$ 364,656	\$ 51,128	\$ 415,784
Net book value			
As at December 31, 2018	\$ 121,070	\$ 23,652	\$ 144,722
As at March 31, 2019	\$ 103,152	\$ 21,073	\$ 124,225

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

8. Intangible Assets

	Business Software & Website	Proprietary Software	Non- Compete Agreements	Customer Relationships	Credit Bureau Repository Codes	Total
Cost						
As at December 31, 2017	67,113	200,377	142,843	492,135	-	\$ 902,468
Additions	-	-	167,903	342,827	\$ 647,269	\$1,157,999
As at December 31, 2018 and March 31, 2019	\$ 67,113	\$ 200,377	\$ 310,746	\$ 834,962	\$ 647,269	\$2,060,467
Accumulated depreciation						
As at December 31, 2017	\$ 47,918	\$ 108,352	\$ 96,409	\$ 163,674	\$ -	\$ 416,353
Expense	13,427	38,067	58,397	110,265	-	220,156
As at December 31, 2018	\$ 61,345	\$ 146,419	\$ 154,806	\$ 273,939	\$ -	\$ 636,509
Expense	3,357	10,018	15,519	29,445	-	58,339
As at March 31, 2019	\$ 64,702	\$ 156,437	\$ 170,325	\$ 303,384	\$ -	\$ 694,848
Net Book Value						
As at December 31, 2018	\$ 5,768	\$ 53,958	\$ 155,940	\$ 561,023	\$ 647,269	\$1,423,958
As at March 31, 2019	\$ 2,411	\$ 43,940	\$ 140,421	\$ 531,578	\$ 647,269	\$1,365,619

The Company purchased certain assets of MFI Credit Solutions effective February 9, 2018. All of the assets purchased were contracts and/or assignment of agreements and are intangible in nature. The Credit Bureau Repository Codes have an indefinite life and are not amortized.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the three-month periods ended March 31, 2019 and 2018
(Unaudited) (stated in United States dollars)

9. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued	Number of Common Shares	Amount \$
Balance, December 31, 2018 and March 31, 2019	14,580,827	6,779,711

10. Share-Based Payments

The Company has a stock option plan (the "Plan") that enables its directors, officers, employees, consultants and advisors to acquire common shares of the Company. Options are granted at the discretion of the Board of Directors. Under the terms of the Plan, options totaling up to 10% of the common shares outstanding from time to time are issuable. The exercise price, vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors.

	Number of options	Weighted average exercise price \$	Grant Date Fair Value
Outstanding, December 31, 2017	650,000	0.47	0.35
Granted	175,000	1.03	0.73
Outstanding, December 31, 2018	825,000	0.49	1.08
Exercisable, December 31, 2018 and March 31, 2019	775,000	0.44	1.08

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life
Granted April 17, 2014	550,000 ⁽¹⁾	550,000	\$ 0.18 ⁽⁴⁾	April 17, 2019 ⁽⁸⁾	0.05
Granted August 25, 2015	100,000 ⁽²⁾	100,000	\$ 1.25 ⁽⁵⁾	September 1, 2020	1.42
Granted February 9, 2018	50,000 ⁽³⁾	50,000	\$ 0.38 ⁽⁶⁾	February 9, 2023	3.87
Granted October 5, 2018	125,000 ⁽³⁾	75,000	\$ 1.29 ⁽⁷⁾	October 5, 2023	4.52
Total	825,000	775,000			1.12

⁽¹⁾ Directors of the Company hold these options. They are fully vested.

⁽²⁾ An Executive Officer of the Company holds these options. They are fully vested.

⁽³⁾ 50,000 options granted in February 2018 vest immediately; of the 125,000 options granted in October 2018, 75,000 options vested immediately; 25,000 vested on April 3, 2019, with the remaining 25,000 vesting on October 5, 2019.

⁽⁴⁾ The exercise price is CAD \$0.25.

⁽⁵⁾ The exercise price is CAD \$1.70.

⁽⁶⁾ The exercise price is CAD \$0.51.

⁽⁷⁾ The exercise price is CAD \$1.75.

⁽⁸⁾ 500,000 were exercised on April 16, 2019 (Note 16); 50,000 options expired unexercised (Note 16).

The Company incurred \$13,603 in share-based payment expense for options for the period ended March 31, 2019 (2018 - \$25,500).

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

11. Revenues from Contracts with Customers

The Company derives revenue from the completion of real estate appraisals and from the delivery of consumer credit reports and ancillary credit reporting activity. The following revenues were recognized by Property Interlink, LLC and MFI Credit Solutions, LLC for the three months ended March 31, 2019 and 2018:

	For the three months ended March 31	
	2019	2018
Appraisal revenue	\$ 1,688,899	\$ 1,701,482
Management fee revenue	3,210	37,990
Credit reporting revenue	768,091	360,833
Total	\$ 2,460,200	\$ 2,100,305

12. Contract Liabilities

	March 31, 2019	December 31, 2018
Contract liabilities	\$ 384,564	\$ -
Deferred revenue	74,894	111,800
Total	\$ 459,458	\$ 111,800

13. Net Loss Per Share

Basic and diluted loss per share has been calculated based on the weighted average number of common shares outstanding of 14,580,827 for the three months ended March 31, 2019 (2018 – 14,580,827). All stock options and convertible notes were excluded from the calculation of the weighted average number of diluted common shares outstanding because their effect would have been anti-dilutive.

14. Notes Payable

On January 23, 2018, the Company entered into a note purchase agreement. In return for an aggregate sum of \$500,000, the Company issued to the lender a note convertible at the option of the holder into common shares with a conversion price of \$0.73 per share, and with a maturity date of January 22, 2019. Interest accrues at 6% per annum. The Company recorded \$28,138 in accrued interest for the year ended December 31, 2018 (2017 - \$Nil). As at March 31, 2019, \$63,000 was recorded in contributed surplus related to the value of the conversion option at the time of issue with the remaining principal balance included in note payable.

Effective January 23, 2019, the Company entered into an amending note purchase agreement. Under the amending note purchase agreement, the conversion price was amended to \$1.06 and the maturity date was extended to April 22, 2019. Accrued interest through January 23, 2019 of \$30,000 was paid in full on February 14, 2019. The holder of the amending note purchase agreement exercised the right to convert the entire principal balance of \$500,000 at a rate of \$1.06 per share into 471,698 common shares (see Note 16). The effect of the modification resulted in a loss of \$3,000.

On November 16, 2018, the Company entered into a promissory note with a principal amount of \$250,000 utilized as a revolving operating line of credit with a maturity date of December 1, 2019. Interest accrues at 6% per annum. The Company recorded \$2,222 in accrued interest for the period ended March 31, 2019 (2018 – \$Nil). As at March 31, 2019, the Company had withdrawn \$160,000 of the revolving line of credit, which is reported as a short-term liability under Notes Payable (see Note 6).

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Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

15. Supplemental Cash Flow Information

	2019	2018
Operating cash flows include:		
Interest received	\$ -	\$ 66,903
Equity component of note payable	\$ 63,000	63,000

16. Subsequent Events

- i) Subsequent to March 31, 2019, Directors exercised 500,000 options expiring April 17, 2019, at an exercise price of \$0.25 CAD. Additionally, 50,000 options expired unexercised (see Note 10).
- ii) Effective April 22, 2019, the holder of the Amending Note Purchase Agreement exercised the right to convert the entire principal balance of \$500,000 at a rate of \$1.06 per share into 471,698 common shares of Starrex International, Ltd. Accrued interest of \$7,315 was paid in full on April 22, 2019.
- iii) Effective May 8, 2019, the Company issued 50,000 options to purchase common shares of Starrex with an exercise price of \$0.75. These options vest immediately and expire May 8, 2024.

17. Segmented Disclosures

The Company organizes its reporting structure into four reportable segments. For management purposes, the Company is organized into segments based on their products and services provided. Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

- i) Property Interlink, LLC manages residential appraisals and maintains all of the ordering, tracking, administrative duties and details and ensures the timeliness of appraisals that are handled during a real estate mortgage transaction.
- ii) Starrex International Ltd., or Corporate, manages the wholly-owned subsidiaries, as well as shareholder services and corporate governance.
- iii) MFI Credit Solutions, LLC manages consumer credit reporting and maintains all of the ordering, tracking, administrative duties and details required to support consumer credit reporting activities.
- iv) Reliable Valuation Service, LLC provides residential evaluations of residential real estate to third parties.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

17. Segmented Disclosures - continued

Select financial information as at and for the three months ended March 31, 2019 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Reliable Valuation Service, LLC	Total
Current assets	\$ 441,174	\$ 338,166	\$ 19,872	\$ 2,930	\$ 802,142
Property and equipment	82,545	41,680	-	-	124,225
Right-of-use assets	308,821	-	-	-	308,821
Intangible assets	154,608	1,041,511	169,500	-	1,365,619
Goodwill	621,132	294,156	-	-	915,288
Total assets	\$ 1,608,280	\$ 1,715,513	\$ 189,372	\$ 2,930	\$ 3,516,095
Current liabilities	\$ 639,733	\$ 650,057	\$ 954,464	\$ (874)	\$ 2,243,380
Long-term liabilities	\$ 343,583	\$ -	\$ -	\$ -	\$ 343,583
Total liabilities	\$ 983,316	\$ 650,057	\$ 954,464	\$ (874)	\$ 2,586,963
Revenues	\$ 1,691,234	\$ 768,091	\$ -	\$ 875	\$ 2,460,200
Expenses	\$ 1,861,948	\$ 787,419	\$ 103,445	\$ 1,122	\$ 2,753,934
Operating income (loss) from continuing operations before provision for income tax	\$ (170,713)	\$ (19,328)	\$ (103,445)	\$ (247)	\$ (293,734)
Income tax expense	\$ 5,016	\$ 1,000	\$ 1,344	\$ -	\$ 7,360
Net loss and comprehensive loss for the period	\$ (175,729)	\$ (20,328)	\$ (104,789)	\$ (247)	\$ (301,094)

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2019 and 2018

(Unaudited) (stated in United States dollars)

17. Segmented Disclosures - continued

Select financial information as at and for the three months ended March 31, 2018 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Total
Current assets	\$ 308,074	\$ 398,487	\$ 148,252	\$ 854,813
Property and equipment	170,650	-	-	170,650
Right-of-use assets	-	-	-	-
Intangible assets	200,635	-	1,758,440	1,959,075
Goodwill	621,132	-	-	621,132
Total assets	\$ 1,300,491	\$ 398,487	\$ 1,906,692	\$ 3,605,669
Current liabilities	\$ 479,987	\$ 341,819	\$ 860,501	\$ 1,682,307
Long-term liabilities	101,102	-	-	\$ 101,102
Total liabilities	\$ 581,089	\$ 341,819	\$ 860,501	\$ 1,783,409
Revenues	\$ 1,739,472	\$ 360,833	\$ 9,644	\$ 2,109,949
Expenses	\$ 1,676,521	\$ 353,626	\$ 235,909	\$ 2,266,056
Operating income (loss) from continuing operations before provision for income tax	\$ 62,951	\$ 7,207	\$ (226,265)	\$ (156,107)