



CARL DATA SOLUTIONS INC.

(FORMERLY CARL CAPITAL CORP.)

(Expressed in Canadian Dollars)

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2015 AND THE PERIOD FROM
INCORPORATION ON JANUARY 17, 2014 to JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Carl Capital Corporation

We have audited the accompanying consolidated financial statements of Carl Capital Corporation, and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2015 and 2014, and the consolidated statements of comprehensive earnings, statement of changes in equity and statements of cash flows for the year ended June 30, 2015 and the period from incorporation on January 17, 2014 to June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Carl Capital Corporation and its subsidiary as at June 30, 2015 and 2014, and their financial performance and cash flows for the year ended June 30, 2015 and the period from incorporation on January 17, 2014 to June 30, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that Carl Capital Corporation had an accumulated deficit of \$574,036 during the year ended June 30, 2015 and, as of that date, has not generated significant revenues. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Carl Capital Corporation's ability to continue as a going concern.

"Wolrige Mahon LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

October 28, 2015
Vancouver, B.C.

CARL **Carl Data Solutions Inc. (Formerly Carl Capital Corp.)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	June 30, 2015	June 30, 2014
ASSETS		
Current		
Cash	\$ 430,130	\$ 92,469
Receivables (Note 5)	39,582	510
Prepayments	<u>5,595</u>	<u>5,000</u>
	475,307	97,979
Software in development (Note 6)	237,311	230,000
Goodwill (Note 4)	<u>36,421</u>	<u>36,421</u>
	<u>\$ 749,039</u>	<u>\$ 364,400</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 51,907	\$ 6,210
Loan payable	<u>4,000</u>	<u>4,000</u>
	55,907	10,210
Deferred income taxes	<u>-</u>	<u>52,000</u>
	55,907	62,210
Shareholders' Equity		
Share capital (Note 7)	1,212,347	373,500
Reserves (Note 7)	144,817	-
Issue costs (Note 7)	(89,996)	(10,000)
Deficit	<u>(574,036)</u>	<u>(61,310)</u>
	<u>693,132</u>	<u>302,190</u>
	<u>\$ 749,039</u>	<u>\$ 364,400</u>

Nature of operations and going concern (Note 1)

Subsequent Events (Notes 14)

Approved and authorized by the Board on October 28, 2015:

"Greg Johnston"

Director

"Jason Scharfe"

Director

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

**Carl Data Solutions Inc. (Formerly Carl Capital Corp.)**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended June 30, 2015	For the period from incorporation on January 17, 2014 to June 30, 2014
REVENUE		
Data services revenue	\$ 26,250	\$ -
GENERAL EXPENSES		
Consulting	168,557	52,524
Filing and transfer agent fees	25,983	550
Investor relations	31,698	-
Marketing costs	8,825	-
Occupancy costs	10,000	500
Office expenses	12,875	236
Professional fees	202,088	7,500
Share-based payments	116,000	-
Travel costs	14,950	-
	<u>(590,976)</u>	<u>(61,310)</u>
Loss before income taxes	\$ (564,726)	\$ (61,310)
Deferred income tax recovery	<u>52,000</u>	<u>-</u>
Loss and comprehensive loss for the year / period	\$ (512,726)	\$ (61,310)
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding	15,280,548	2,610,911

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

**Carl Data Solutions Inc. (Formerly Carl Capital Corp.)**CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended June 30, 2015	For the period from incorporation on January 17, 2014 to June 30, 2014
CASH FROM OPERATING ACTIVITIES		
Loss for the year/period	\$ (512,726)	\$ (61,310)
Item not affecting cash:		
Deferred income tax recovery	(52,000)	-
Share-based payments	116,000	-
Changes in non-cash working capital items:		
Receivables	(39,072)	(510)
Prepayments	(595)	(5,000)
Accounts payable and accrued liabilities	<u>45,697</u>	<u>58,514</u>
Net cash used in operating activities	<u>(442,696)</u>	<u>(8,306)</u>
CASH FROM INVESTING ACTIVITIES		
Software development	(7,311)	-
Cash acquired on acquisition of subsidiary	<u>-</u>	<u>1,275</u>
Net cash provided by investing activities	<u>(7,311)</u>	<u>1,275</u>
CASH FROM FINANCING ACTIVITIES		
Shares issued for cash	825,000	109,500
Share issuance costs	(47,332)	(10,000)
Exercise of warrants	<u>10,000</u>	<u>-</u>
Net cash provided by financing activities	<u>787,668</u>	<u>99,500</u>
Change in cash during the year / period	337,661	92,469
Cash, beginning of year / period	<u>92,469</u>	<u>-</u>
Cash, end of year / period	\$ 430,130	\$ 92,469

Supplemental disclosure with respect to cash flows (Note 9)

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

CARL **Carl Data Solutions Inc. (Formerly Carl Capital Corp.)**
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 (Expressed in Canadian Dollars)

	Share capital					
	Number	Amount	Issue Costs	Reserves	Deficit	Total
Incorporation – January 17, 2014	-	\$ -	\$ -	-	\$ -	\$ -
Issue of shares for cash	5,700,000	109,500	-	-	-	109,500
Issue of shares for settlement of debt	2,700,000	54,000	-	-	-	54,000
Issue of shares on acquisition of subsidiary	4,200,000	210,000	-	-	-	210,000
Issue costs – cash	-	-	(10,000)	-	-	(10,000)
Loss and comprehensive loss for the period	-	-	-	-	(61,310)	(61,310)
Balance at June 30, 2014	12,600,000	373,500	(10,000)	-	(61,310)	302,190
Issue of shares for cash	7,000,000	825,000	-	-	-	825,000
Exercise of warrants	100,000	13,847	-	(3,847)	-	10,000
Issue costs – warrants	-	-	(32,664)	32,664	-	-
Issue costs – cash	-	-	(47,332)	-	-	(47,332)
Share-based payments	-	-	-	116,000	-	116,000
Loss and comprehensive loss for the year	-	-	-	-	(512,726)	(512,726)
Balance at June 30, 2015	19,700,000	1,212,347	(89,996)	144,817	(574,036)	693,132

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



Carl Data Solutions Inc. (Formerly Carl Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Carl Data Solutions Inc. (formerly Carl Capital Corp.) ("**Carl**" or together with its wholly owned subsidiary, Extend to Social Media Inc. ("**ETS**"), as applicable, the "**Company**") was incorporated under the Business Corporations Act (*British Columbia*) on January 17, 2014. Carl is a developer of Big-Data-as-a-Service ("BDaaS")-based solutions for data integration and business intelligence. ETS was incorporated in the province of British Columbia on January 30, 2013, and its principal business is the collection of marketing data in the social network marketing industry. ETS has created a software technology that enables companies to reward existing customers for promoting or referring products and services to their social and business networks. Carl acquired all of the outstanding share capital of ETS on May 30, 2014. On January 21, 2015, the Company listed its shares for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "CRL"

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in these consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2015, the Company had not achieved profitable operations, had accumulated a deficit of \$574,036 since inception and expects to incur further operating losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the ability to develop its business units, develop marketable software, potentially find, acquire and develop various other business segments with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The head office and principal address of the Company is located at Suite 700 - 510 West Hastings Street, Vancouver, British Columbia V6B 1L8.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**").

Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiary.

Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments, estimates and assumptions (cont'd...)

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical accounting judgments

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

The application of the Company's accounting policy for software development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

The Company has exercised judgment in quantifying the allowance for doubtful accounts receivable. While it is possible that certain accounts receivable considered good may turn doubtful at a later date, there are no indicators that they would at the present time.

Critical accounting estimates

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of Carl Capital and its controlled and wholly-owned subsidiary ETS. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Basis of consolidation (cont'd...)

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

Software Development Expenditures

Software development expenditures consist of costs incurred to develop the Company's software to earn revenue with respect to the Company's business operations. Development costs are capitalized in accordance with IAS 38, *Intangible Assets*, and accordingly are recognized when the Company can demonstrate (i) the technical feasibility of the asset, (ii) the intention to complete and use or sell the asset, (iii) the ability to use or sell the asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset, and (vi) ability to reliably measure the expenditure attributable to the asset during its development. Costs that do not meet these criteria are considered research costs and are expensed as incurred.

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Software development costs are intangible assets with a finite useful life, and accordingly are amortized over the assets' estimated useful life commencing when the software is available for use, being when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

When a project is deemed to no longer have commercially viable prospects to the Company, development expenditures in respect of that project are deemed to be impaired. As a result, those development costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to the statement of comprehensive loss, except to the extent it reverses gains previously recognized in comprehensive loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.



Carl Data Solutions Inc. (Formerly Carl Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments

The Company recognizes a financial instrument when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis.

The Company's accounting policy for each category is as follows:

Fair Value through Profit or Loss

Instruments classified as fair value through profit or loss are recognized at fair value with changes in fair value recognized in profit or loss. The Company does not have any financial assets or liabilities classified in this category.

Held-to-Maturity

Instruments classified as held-to-maturity are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial assets classified in this category.

Available-for-Sale

These financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income and classified as a component of equity until the instrument is derecognized or impaired. The Company does not have any financial assets classified in this category.

Loans and Receivables

These assets are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company's cash and sales receivables are classified in this category.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise the Company's payables and short term loan. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognized in the statement of comprehensive loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted, by the date of the financial statements and are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity. Deferred tax assets and deferred tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Revenue recognition

The Company earns revenue in its subsidiary, ETS through the supply of social referral software to clients and through data services to clients. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

The recognition of Company revenues occurs when the amount of revenue can be reliably measured, the work involved in supplying the services has been substantially completed, it is probable that economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred can be reliably measured.

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements for the period ended June 30, 2014, except for the adoption of new standards and interpretations effective as of July 1, 2014.



Carl Data Solutions Inc. (Formerly Carl Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New standards, interpretations and amendments adopted (cont'd...)

The Company adopted certain new standards and amendments effective July 1, 2014. These include IAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities, IAS 36 (Amendment) Recoverable Amount Disclosures for Non-Financial Assets, and IFRIC 21 Levies. None of the new standards, interpretations and amendments discussed below had a material effect on the Company's financial statements.

Several other new standards and amendments apply for the first time in fiscal 2015. However, they are not applicable to the annual audited consolidated financial statements of the Company.

The nature and the impact of each new standard are described below:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed.

IFRIC 21, Levies

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are not mandatory for accounting periods beginning on or after January 1, 2015 or later periods. They have not been early adopted in these financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. ACQUISITION OF EXTEND TO SOCIAL MEDIA INC.

On May 30, 2014, Carl completed the purchase of ETS pursuant to the terms of a share exchange agreement between Carl, ETS and the shareholders of ETS. Carl purchased 100% of the outstanding common shares of ETS in exchange for 4,200,000 common shares of the Company. A corporation that was one of the shareholders of ETS received 466,620 of the common shares. The sole director of that corporation is a director of Carl. The value of the shares issued pursuant to the purchase was based on the value of the software in development at the time of purchase as estimated by management with input from a third party valuator.

CARL **Carl Data Solutions Inc. (Formerly Carl Capital Corp.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

(Expressed in Canadian Dollars)

4. ACQUISITION OF EXTEND TO SOCIAL MEDIA INC. (cont'd...)

	May 30, 2014
Purchase Price Consideration	
Value of 4,200,000 common shares issued	\$ 210,000
Assets acquired and liabilities assumed	
Cash	1,275
Software in Development	230,000
Current liabilities	(5,696)
Goodwill	36,421
Deferred income tax liabilities	(52,000)
	<u>\$ 210,000</u>

The software in development is the ETS software technology that enables companies to reward existing customers for promoting or referring products and services to their social and business networks. Income tax consequences of the transaction included a deferred income tax liability of \$52,000 which created, net, \$36,421 in goodwill.

5. RECEIVABLES

	June 30, 2015	June 30, 2014
Goods and service tax ("GST") receivable	\$ 13,332	\$ 510
Sales receivables	<u>26,250</u>	<u>-</u>
Total	<u>\$ 39,582</u>	<u>\$ 510</u>

6. SOFTWARE IN DEVELOPMENT

A total of \$33,139 has been expended on third party software programmers in the development of the customer referral software that ETS has created. The remaining \$204,172 is a fair market valuation adjustment upon the purchase of ETS by Carl Capital. The following table shows the composition of the value of the software in development:

	Expenditure on software development	Fair value adjustment on acquisition of ETS	Total
Balance, January 17, 2014	\$ -	\$ -	\$ -
Acquisition of ETS	<u>25,828</u>	<u>204,172</u>	<u>230,000</u>
Balance, June 30, 2014	25,828	204,172	230,000
Expenditure on software development	<u>7,311</u>	<u>-</u>	<u>7,311</u>
Balance, June 30, 2015	<u>\$ 33,139</u>	<u>\$ 204,172</u>	<u>\$ 237,311</u>



Carl Data Solutions Inc. (Formerly Carl Capital Corp.)

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7. SHARE CAPITAL AND RESERVES

Authorized share capital

As at June 30, 2015, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

Financings

During the year ended June 30, 2015, the Company:

- a) Completed its initial public offering of a total of 5,750,000 common shares at a price of \$0.10 per share for proceeds of \$575,000. Costs of the offering include an 8% cash commission for a total of \$46,000, and listing and due diligence fees totaling \$50,362 for a total of \$96,362, of which \$66,167 was put through the statement of comprehensive loss as the pro rata share of legal fees that related to shares issued prior to the initial public offering. In connection with the closing of the initial public offering, the Company granted warrants to acquire 460,000 common shares at an exercise price of \$0.10 per share until January 19, 2017 to the agent for the offering. The Company recognized a non-cash issue cost of \$17,700 related to the issue of the warrants with a corresponding increase in reserves. This expense was calculated using the Black-Scholes option valuation model with the following assumptions: Risk-free rate, 0.86%; Dividend yield, 0%; Expected volatility, 70%; and Expected option life, 2 years.
- b) Issued 1,250,000 units at a price of \$0.20 per unit for gross proceeds of \$250,000. Each unit sold comprised of one common share and one-half of one transferable share purchase warrant. Each warrant entitles the holder to acquire one share of the Company at a price of \$0.35 until June 5, 2017. In connection with the offering, the Company issued finder's warrants to purchase an aggregate of 85,680 shares at a price of \$0.20 per share until June 5, 2016. The Company recognized a non-cash issue cost of \$14,964 with a corresponding increase in reserves and paid cash finder's fees of \$17,136. This expense was calculated using the Black-Scholes option valuation model with the following assumptions: Risk-free rate, 0.65%; Dividend yield, 0%; Expected volatility, 70%; and Expected option life, 1 year.

During the period from incorporation on January 17, 2014 to June 30, 2014, the Company:

- c) Issued 3,900,000 common shares at a price of \$0.005 per share for proceeds of \$19,500.
- d) Issued 900,000 common shares at a price of \$0.02 per share for proceeds of \$18,000 and settled certain debts through the issuance of 2,700,000 common shares at a price of \$0.02 per share.
- e) Issued 4,200,000 common shares at a fair value of \$0.05 per share in exchange for all of the outstanding shares of ETS.
- f) Issued 900,000 common shares at a price of \$0.08 per share for proceeds of \$72,000.

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7. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, January 17, 2014	-	\$ -	-	\$ -
Outstanding, June 30, 2014	-	-	-	-
Granted / Issued	1,835,000	0.11	1,170,680	0.24
Exercised	-	-	(100,000)	0.10
Outstanding, June 30, 2015	1,835,000	\$ 0.11	1,070,680	\$ 0.25
Number currently exercisable	1,835,000	\$ 0.11	1,070,680	\$ 0.25

Stock options outstanding

The following incentive stock options were outstanding and exercisable at June 30, 2015:

Number	Exercise price	Expiry date	Weighted Average Remaining Life
1,835,000	\$ 0.11	January 21, 2020	4.56 years

Warrants outstanding

The following warrants were outstanding and exercisable at June 30, 2015:

Number	Exercise price	Expiry date
360,000	\$ 0.11	January 21, 2017
85,680	0.20	June 5, 2016
<u>625,000</u>	0.35	June 5, 2016
1,070,680		



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7. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options and warrants (cont'd...)

Share-based payments

On January 22, 2015, the Company adopted an incentive stock option plan. Under the terms of this plan, the total number of share purchase options to be granted and outstanding may not exceed 10% of the total issued and outstanding common shares of the Company at the date of grant. Options may be granted with an exercise price equal to the market price of the common shares less any permitted discount on the grant date, vest according to privileges set at the time the options, have a minimum price of \$0.10 and are granted and expire no later than five years from the date of grant.

Also on January 22, 2015, the Company granted a total of 1,835,000 stock options to various directors, officers and consultants to the Company. Each option is vested upon grant and exercisable into one common share of the Company at a price of \$0.11 per share until January 21, 2020. On January 22, 2015, the Company recognized an expense of \$116,000 related to the share-based payment with a corresponding increase in reserves.

The following weighted average assumptions were used for the valuation of stock options:

	2015
Share price	\$ 0.11
Risk-free interest rate	0.84%
Expected life of options	5 years
Annualized volatility	70%
Dividend rate	0.00%
Forfeiture rate	0.00%

Escrow agreement

As at June 30, 2015, 11,340,00 common shares of the Company were subject to an escrow agreement with a portion being released every six months until January 21, 2018.

8. RELATED PARTY TRANSACTIONS

On July 1, 2014, ETS entered into an executive consulting agreement for the services of the President and CEO of ETS, who is also a director and CEO of the Company, with a company controlled by the CEO and director of the Company. Under the terms of the agreement, ETS will pay the company a total of \$4,000 per month plus GST in advance for the services of President and CEO. ETS and the Company may terminate the agreement with 30 days' notice.

On February 23, 2015, the Company entered in to an executive consulting agreement for the services of the President and CEO with the same company and terms as above. The fees for both agreements have since been amended to \$5,000 per month plus GST (previously \$4,000 per month plus GST) for an aggregate of \$10,000 per month plus GST.

During the year ended June 30, 2015, the Company paid or accrued total compensation of \$198,237 to key management personnel and their related companies comprising:

- a) Consulting fees of \$120,166 (2014 - \$47,000) to a company controlled by the CEO of the Company, a company controlled by a director of the Company, and the former CFO of the Company.
- b) Recorded share-based compensation of \$78,071 (2014 - \$Nil) for stock options granted and vested to directors and officers of the Company.



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8. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$2,916 (2014 - \$Nil) due to officers, directors, and a spouse of a director of the Company.

On May 28, 2014, the Company settled certain debts through the issuance of 2,700,000 common shares at a price of \$0.02 per share of which 975,000 of these shares were issued to a company controlled by a director of the Company, 975,000 shares were issued to the CFO of the Company, and 400,000 shares were issued to a director of the Company.

On May 30, 2014, 466,620 common shares of the Company were issued to a director of the Company related to the acquisition of ETS (Note 4).

On June 9, 2014, ETS signed a referral services agreement with RA Revenue Automation Inc. ("RA") whereby RA agreed to use ETS as its exclusive referral marketing application and include the concept in all relevant business development pitches to customers. RA received 1,633,380 shares of the Company related to the acquisition of ETS (Note 4). The Company's CEO and director is the Vice President of Professional Services for RA and owns 10% of RA through a company controlled by the CEO and director. Revenue recorded on the statement of comprehensive loss is from RA as well as the Sales receivables in Note 5.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended June 30, 2015, the Company issued 460,000 agent warrants with a value \$17,700 as share issuance costs.

During the period from incorporation on January 17, 2014 to June 30, 2014, the Company issued 2,700,000 common shares to settle \$54,000 of accounts payable and accrued liabilities.

During the year ended June 30, 2015, the Company issued 85,680 agent warrants with a value \$14,964 as share issuance costs.

10. SEGMENTED INFORMATION

The Company has one reportable operating segment, being data services.

11. FINANCIAL RISK MANAGEMENT

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. At June 30, 2015, the Company was not subject to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2015, the Company was not subject to significant interest rate risk.

11. FINANCIAL RISK MANAGEMENT *(cont'd...)*

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and sales receivables. The Company holds cash at a major Canadian chartered bank in a chequing account and a regional brokerage firm.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to development, capital and operating needs. The Company's accounts payable are due within 30 to 60 days, and the short-term loan has no interest rate or deadline for repayment.

12. CAPITAL MANAGEMENT

The Company's objective is to have sufficient working capital to maintain financial flexibility and to sustain its software development project. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its capital spending to manage current and projected cash requirements. To assess its financial strength, the Company continually monitors its cash balances and working capital. In the management of capital, the Company includes the components of shareholders' equity.

13. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended June 30, 2015 and the period from incorporation on January 17, 2014 to June 30, 2014 as follows:

	2015	2014
Loss before income tax for the period	\$ (564,726)	\$ (61,310)
Expected income tax (recovery)	\$ (147,000)	\$ (16,000)
Share issue and financing costs	(21,000)	(2,000)
Deferred tax assets not recognized	116,000	18,000
Income tax expenses (recovery)	\$ (52,000)	\$ -



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13. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets (liabilities) are as follows:

	2015	2014
Deferred tax assets:		
Share issuance and financing costs	45,000	2,000
Non-capital losses available for future periods	<u>141,000</u>	<u>16,000</u>
	186,000	18,000
Unrecognised deferred tax assets	<u>(134,000)</u>	<u>(18,000)</u>
	52,000	-
Deferred tax (liabilities):		
Recognized on acquisition of a subsidiary	<u>\$ (52,000)</u>	<u>\$ (52,000)</u>
Net deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ (52,000)</u>

Management has not recognized deferred tax assets in excess of the deferred tax liabilities as there is insufficient certainty as to the timing of when these excess deferred tax assets will be realized in the foreseeable future.

The significant components of the Company's unrecognized temporary differences are as follows:

	2015	2014	Expiry date range
Temporary Differences:			
Non-capital losses available for future periods	\$ 540,000	\$ 16,000	2034-2035
Share issue costs	172,000	2,000	2019-2020

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. SUBSEQUENT EVENTS

Subsequent to June 30, 2015 the Company:

- a) Completed a non-brokered private placement and issued 440,000 common shares at a price of \$0.25 per common share for gross proceeds of \$110,000. No finder's fees were associated with the placement.
- b) On October 13, 2015, the Company completed its 100% acquisition of FlowWorks Inc. ("**FlowWorks**"), owner of a software-as-a-service web-based online application that provides its clients with advanced tools to analyse environmental data, by issuing 7,629,397 common shares of the Company to two shareholders of FlowWorks.

One shareholder of FlowWorks, holding approximately 11% of FlowWorks, has dissented to the transaction. The Company agreed to assume any obligation in connection with payment of fair value for such dissenting shares and all expenses in connections with dissenter's right obligations of FlowWorks.

Financial information from FlowWorks has not been finalized and as such, the Company has not completed its purchase price allocation or associated business combination accounting as of the date of approval of the financial statements.