



**CARL DATA SOLUTIONS INC.
(FORMERLY CARL CAPITAL CORP.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015**

(UNAUDITED)

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**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of CARL Data Solutions Inc. (formerly Carl Capital Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, Wolrige Mahon LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed consolidated interim financial statements by an entity's auditor.

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(Expressed in Canadian dollars)

	DECEMBER 31, 2015	JUNE 30, 2015
ASSETS		
Current Assets		
Cash	\$ 56,805	\$ 430,130
Accounts and other receivables (note 7)	348,834	39,582
Prepaid expenses	48,415	5,595
	454,054	475,307
Non-Current Assets		
Software in development (note 8)	285,830	237,311
Software application (note 6 and 8)	1,584,841	-
Customer list (note 6)	1,235,173	-
Goodwill (note 6)	928,776	36,421
Total Assets	\$ 4,488,674	\$ 749,039
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 431,157	\$ 51,907
Loans payable (note 10)	578,109	4,000
	1,009,266	55,907
Deferred Tax Liability	869,597	-
Total Liabilities	1,878,863	55,907
Shareholders' Equity (note 11)		
Share Capital	3,940,597	1,212,347
Reserves	133,210	144,817
Share issuance costs	(93,048)	(89,996)
Accumulated other comprehensive income	94,141	-
Deficit	(1,465,089)	(574,036)
	2,609,811	693,132
Total Liabilities and Shareholders' Equity	\$ 4,488,674	\$ 748,039

Nature of Operations and Going Concern (note 1)

Commitment (note 19)

Subsequent Events (note 20)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Greg Johnston"

(signed)

Director

"Jason Scharfe"

(signed)

Director

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

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015 (UNAUDITED)

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenue				
Data Services Revenues	\$ 263,952	\$ -	\$ 285,202	\$ -
Expenses				
Amortization (note 8)	114,247	-	114,247	-
Bad debt	44,719	-	44,719	-
Computer	17,129	-	24,753	-
Consulting	141,483	12,000	227,067	31,300
Filing and transfer agent	9,492	5,364	13,519	7,972
Financing (note 19)	100,000	-	100,000	-
Foreign exchange	(33,951)	-	(33,951)	-
Interest (note 10)	28,109	-	28,109	-
Investor relations	22,073	-	145,929	-
Marketing	23,498	-	23,498	-
Occupancy	17,234	1,500	26,459	3,000
Office	40,213	1,728	44,067	2,752
Professional	117,515	19,071	143,814	57,540
Salaries and wages	179,215	-	179,215	-
Travel	9,229	-	25,136	-
	830,205	39,663	1,106,581	102,564
Loss before income tax	(566,253)	(39,663)	(821,379)	(102,564)
Income tax expense	(69,674)	-	(69,674)	-
Loss for the period	(635,927)	(39,663)	(891,053)	(102,564)
Other Comprehensive Income				
Foreign exchange	94,141	-	94,141	-
Net Loss and Comprehensive Loss for the period	\$ (541,786)	\$ (39,663)	\$ (796,912)	\$ (102,564)
Weighted Average Number of Common Shares (note 14)				
Basic	4,994,854	12,600,000	4,996,904	12,600,000
Diluted	6,399,361	12,600,000	6,377,653	12,600,000
Loss Per Share (note 14)				
Basic	(\$0.11)	(\$0.003)	(\$0.16)	(\$0.008)
Diluted	(\$0.08)	(\$0.003)	(\$0.12)	(\$0.008)

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

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015 (UNAUDITED)

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash Flows used in Operating Activities				
Net loss for the period	\$ (635,927)	\$ (39,663)	\$ (891,053)	\$ (102,564)
Non-cash items				
Amortization	114,247	-	114,247	-
Accrued interest expense	28,109	-	28,109	-
Income tax expense	69,674	-	69,674	-
Financing fees	75,000	-	75,000	-
Changes in non-cash working capital items:				
Accounts and other receivables	(60,837)	(1,825)	(78,420)	(5,493)
Prepaid expenses	730	10,000	(17,540)	-
Accounts and other payables	(498,235)	27,987	(478,929)	54,685
	(907,239)	(3,501)	(1,178,912)	(53,372)
Cash Flows provided by (used in) Investing Activities				
Software development	(14,729)	-	(48,519)	-
Acquisition of FlowWorks, Inc. (note 6)	124,056	-	124,056	-
	109,327	-	75,537	-
Cash Flows provided by (used in) Financing Activities				
Proceeds from issuance of common shares	67,200	-	177,200	-
Proceeds from exercise of stock options	22,000	-	22,000	-
Share issuance costs	(2,016)	-	(2,016)	(1,377)
Advances from short-term loans	546,000	-	546,000	-
Deferred charges	-	(11,819)	-	(34,319)
	633,184	(11,819)	743,184	(35,696)
Effect of foreign exchange on cash	(13,134)	-	(13,134)	-
Change in cash during the period	(177,862)	(15,320)	(373,325)	(89,068)
Cash – beginning of period	234,667	18,721	430,130	92,469
Cash – end of period	\$ 56,805	\$ 3,401	\$ 56,805	\$ 3,401

Supplemental Information (see note 16)

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

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014 (UNAUDITED)

(Expressed in Canadian dollars, except share amounts)

	Share Capital		Deferred Charges	Issue Costs	Reserves	Accumulated other comprehensive income	Deficit	Total
	Shares	Amount						
Balance – June 30, 2014	12,600,000	\$ 373,500	\$ -	\$ (10,000)	\$ -	\$ -	\$ (61,310)	\$ 302,190
Net loss for the period	-	-	-	-	-	-	(102,564)	(102,564)
Deferred charges	-	-	(34,319)	-	-	-	-	(34,319)
Share issuance costs – cash	-	-	-	(1,377)	-	-	-	(1,377)
Balance – December 31, 2014	12,600,000	373,500	(34,319)	(11,377)	-	-	(163,874)	163,930
Net loss for the period	-	-	-	-	-	-	(410,162)	(410,162)
Shares issued for:								
Cash (note 11(b)(iv) and (b)(v))	7,000,000	825,000	-	-	-	-	-	825,000
Exercise of warrants	100,000	13,847	-	-	(3,847)	-	-	10,000
Share issuance costs – cash	-	-	34,319	(45,955)	-	-	-	(11,636)
Share issuance costs – warrants	-	-	-	(32,664)	32,664	-	-	-
Share-based payments	-	-	-	-	116,000	-	-	116,000
Balance – June 30, 2015	19,700,000	1,212,347	-	(89,996)	144,817	-	(574,036)	693,132
Net loss for the period	-	-	-	-	-	-	(891,053)	(891,053)
Shares issued for:								
Acquisition of FlowWorks, Inc. (note 6)	7,629,397	2,441,407	-	-	-	-	-	2,441,407
Cash (note 11(b)(i) and (b)(iii))	664,000	177,200	-	-	-	-	-	177,200
Financing fees (note 11(b)(ii))	250,000	75,000	-	-	-	-	-	75,000
Exercise of options	200,000	34,643	-	-	(12,643)	-	-	22,000
Share issuance costs – cash	-	-	-	(2,016)	-	-	-	(2,016)
Share issuance costs – warrants	-	-	-	(1,036)	1,036	-	-	-
Foreign currency translation	-	-	-	-	-	94,141	-	94,141
Balance – December 31, 2015	28,443,397	\$ 3,940,597	\$ -	\$ (93,048)	\$ 133,210	\$ 94,141	\$ (1,465,089)	\$ 2,609,811

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

(figures in tables are expressed in Canadian dollars, except per share amounts)

1. Description of Business and Nature of Operations

CARL Data Solutions Inc. (Formerly Carl Capital Corp.) (“CARL” or the “Company”, together with its wholly owned subsidiaries, Extend to Social Media Inc. (“ETS”) and FlowWorks Inc. (“FlowWorks”)) 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, providing the next generation data collection, storage and analytic solutions for data-centric companies.

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.

FlowWorks was incorporated in Washington State, USA on May 5, 2010, a company specializing in providing clients with a suite of web-based water management software applications to analyze data through a variety of collection, analysis, and reporting tools. CARL acquired all of the outstanding share capital of FlowWorks on October 15, 2015 (note 6).

These condensed consolidated interim 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 condensed consolidated interim financial statements. These condensed consolidated interim 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 December 31, 2015, the Company had not achieved profitable operations, had accumulated a deficit of \$1,465,089 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.

CARL is a public company which is listed on the Canadian Securities Exchange (CSE) (under the symbol: CRL). 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 and Statement of Compliance

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2015. These condensed interim condensed consolidated financial statements were approved for issuance by the Board of Directors on February 26, 2016.

(figures in tables are expressed in Canadian dollars, except per share amounts)

Basis of Presentation

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

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars.

3. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements include the financial statements of CARL, its controlled and wholly-owned subsidiaries ETS and FlowWorks. 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.

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.

Foreign Exchange

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

4. Accounting Standards and Amendments Issued but Not Yet Adopted

New standards not yet adopted

IFRS 9 Financial Instruments (revised)

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 IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(figures in tables are expressed in Canadian dollars, except per share amounts)

5. Significant Accounting Judgments and Estimates

Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim 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.

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 condensed consolidated interim financial statements within the next financial year are discussed below.

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of the parent company and its subsidiary, ETS, is the Canadian dollar. The functional currency of FlowWorks is the US dollar.

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 Company has made estimates with respect to the acquisition date fair values of the identifiable assets and liabilities of FlowWorks, Inc. The valuation of intangible assets requires management to use valuation techniques. The Company uses its judgement to select methods and makes assumptions that reflect market conditions as at the acquisition date (note 6).

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.

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014 (UNAUDITED)

(figures in tables are expressed in Canadian dollars, except per share amounts)

6. Acquisition of FlowWorks

On October 13, 2015, the Company completed the purchase of FlowWorks pursuant to the terms of a share exchange agreement between Carl, FlowWorks and the majority shareholders of FlowWorks. Carl acquired 100% of the outstanding common shares of FlowWorks in exchange for 7,629,397 common shares of the Company issued to two shareholders of FlowWorks.

One shareholder of FlowWorks, holding approximately 11% of FlowWorks, 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. The Company has estimated a provision for this settlement as at the acquisition date.

Purchase price consideration	
Value of 7,629,397 common shares issued	\$ 2,441,407
Assets acquired and liabilities assumed	
Cash	\$ 124,056
Accounts receivable	215,743
Prepaid expenses	23,978
Software application	1,600,000
Customer list	1,160,000
Current liabilities	(825,724)
Goodwill	892,354
Deferred income tax liabilities	(749,000)
	\$ 2,441,407

The software application is the FlowWorks web-based application which enables clients to analyze environmental data. Income tax consequences of the transaction included a deferred income tax liability of \$749,000 which created, net \$892,354 in goodwill.

The customer list acquired with FlowWorks is estimated relative to contracted customer subscriptions and recurring customer revenues projected over a period of five years at a 5% discount rate. The composition of goodwill includes assets that are not separately identifiable including the value of employees working with FlowWorks, and the potential to apply the principles of the web-based application to new industries and industry segments.

7. Accounts and Other Receivables

	December 31, 2015	June 30, 2015
Accounts receivable	\$ 338,591	\$ 26,250
Goods and services tax ("GST") receivable	10,243	13,332
	\$ 348,834	\$ 39,582

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014 (UNAUDITED)

(figures in tables are expressed in Canadian dollars, except per share amounts)

8. Software

Software in Development

A total of \$81,658 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:

	ETS Software in Development	Fair Value on adjustment of acquisition of ETS	Total
Balance – June 30, 2014	\$ 25,828	\$ 204,172	\$ 230,000
Expenditure on software development	7,311	-	7,311
Balance – June 30, 2015	33,139	204,172	237,311
Expenditure on software development	48,519	-	48,519
Balance – December 31, 2015	\$ 81,658	\$ 204,172	\$ 285,830

Software Application

The software application relates to the web-based application acquired with FlowWorks. The application is in use and being amortized over a period of three years.

	Value	Amortization	Cumulative Translation Adjustment	Total
Balance – June 30, 2014 and 2015	\$ -	\$ -	\$ -	\$ -
Acquired software application (note 6)	1,600,000	-	-	1,600,000
Amortization	-	(114,247)	-	(114,247)
Foreign currency translation	-	-	99,088	99,088
Balance – December 31, 2015	\$ 1,600,000	\$ (114,247)	\$ 99,088	\$ 1,584,841

9. Accounts Payable and Accrued Liabilities

	December 31, 2015	June 30, 2015
Accounts payable	\$ 306,572	\$ 51,907
Accrued liabilities	124,585	-
	\$ 431,157	\$ 51,907

Included in trade and other payables of the Company are amounts due to related parties (note 18).

CARL DATA SOLUTIONS INC. (FORMERLY CARL CAPITAL CORP.)
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FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014 (UNAUDITED)

(figures in tables are expressed in Canadian dollars, except per share amounts)

10. Loans Payable

	December 31, 2015	June 30, 2015
Balance – beginning of period	\$ 4,000	\$ 4,000
Advances of short-term loans	546,000	-
Interest accrued	28,109	-
Balance – end of period	\$ 578,109	\$ 4,000

During the period ended December 31, 2015, the Company entered into the following short term loan agreements:

- (a) A director of the Company loaned the Company \$60,000, unsecured, with an interest rate of 15% and a number of shares equal to 15% of the face value of the loan converted at \$0.30 per share (unissued as at December 31, 2015). The loans mature on May 31, 2016.
- (b) An unrelated party loaned the Company \$83,000, unsecured, with an interest rate of 15% and a number of shares equal to 15% of the face value of the loan converted at \$0.30 per share (unissued as at December 31, 2015). The loan matures on May 31, 2016.
- (c) Two unrelated parties loaned the Company \$400,000, unsecured, with interest on repayment of 30% in cash or shares converted at \$0.30 per share at the option of the Company. The loan matures on May 31, 2016.

Additional short term loans in lesser amounts are unsecured and non-interest bearing.

11. Share Capital

(a) Authorized Share Capital

As at December 31, 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.

(b) Issued Share Capital

During the six months ended December 31, 2015 and the year ended June 30, 2015, the Company issued common shares as follows:

- (i) On December 29, 2015, the Company issued 224,000 units pursuant to the first tranche of a non-brokered private placement at a price of \$0.30 per unit for gross proceeds of \$67,200. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable at a price of \$0.45 for a period of two years. The warrants are subject to an acceleration provision such that the Company will have the right to accelerate the expiry of the warrants to a 30-day period if the Company's common shares trade at a price greater than \$0.75 for a period of ten consecutive trading days.

In connection with the tranche, the Company issued finders' warrants to purchase 6,720 common shares. The finders' warrants are exercisable at a price of \$0.30 per common share until December 31, 2016. The Company recognized a non-cash issue cost of \$1,036 with a corresponding increase in reserves and paid cash finder's fees of \$2,016. This expense was calculated using the Black-Scholes option valuation model with the following assumptions: Risk-free rate, 0.48%; Dividend yield, 0%; Expected volatility, 70%; and Expected life, 1 year.

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(figures in tables are expressed in Canadian dollars, except per share amounts)

- (ii) On December 23, 2015, the Company issued 250,000 common shares at a price of \$0.30 as a financing fee for the commencement of due diligence to undertake a private placement financing.
- (iii) On July 7, 2015, the Company 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.
- (iv) On June 5, 2015, the Company 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 on June 4, 2015. 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.
- (v) On January 19, 2015, the Company 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 loss and 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.

12. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance - June 30, 2014	-	-
Issuance of warrants	\$0.24	1,179,680
Exercised	\$0.10	(100,000)
Balance - December 31, 2014	\$0.25	1,070,680
Balance - June 30, 2015	\$0.25	1,070,680
Issuance of warrants	\$0.44	118,720
Balance - December 31, 2015	\$0.27	1,189,400

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The expiry of agents' and share purchase warrants are as follows:

	Exercise price	Number of warrants	Expiry date
Agent's warrants	\$0.20	85,680	June 5, 2016
Share purchase warrants	\$0.35	625,000	June 5, 2016
Agents' warrants	\$0.30	6,720	December 31, 2016
Agents' warrants	\$0.10	360,000	January 21, 2017
Share purchase warrants	\$0.45	112,000	December 31, 2017
		1,189,400	

13. 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.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – June 30, 2014	\$ -	-
Granted	\$0.11	1,835,000
Balance – December 31, 2014	\$0.11	1,835,000
Balance – June 30, 2015	\$0.11	1,835,000
Exercised	\$0.11	(200,000)
Balance – December 31, 2015	\$0.11	1,635,000

Incentive share options outstanding and exercisable December 31, 2015 are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.11	1,635,000	4.06 years	\$0.11	1,635,000	\$0.11
	1,635,000			1,635,000	\$0.11

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14. Loss Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended December 31, 2015 and 2014:

	Three months ended		Six months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Numerator				
Net loss for the period	\$ (541,786)	\$ (39,664)	\$ (796,912)	\$ (102,564)
Denominator				
For basic – weighted average number of shares outstanding	4,994,854	12,600,000	4,966,904	12,600,000
Effect of dilutive securities –				
Incentive share options	1,112,373	-	1,117,150	-
Share purchase warrants	292,134	-	293,599	-
For diluted – adjusted weighted average number of shares outstanding	6,399,361	12,600,000	6,377,653	12,600,000
Loss Per Share				
Basic	(\$0.11)	(\$0.003)	(\$0.16)	(\$0.008)
Diluted	(\$0.08)	(\$0.003)	(\$0.12)	(\$0.008)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the three and six months ended December 31, 2015 and 2014. For the three and six months ended December 31 2015, there were 737,000 share purchase warrants, excluded from the weighted average number of common shares outstanding during the period as they were anti-dilutive since the average fair market value of the common shares did not exceed the exercise price of the stock options and share purchase warrants for the period. Common shares held in escrow are excluded from the weighted average number of common shares outstanding calculation.

Shares held in Escrow

As at December 31, 2015, a total of 15,172,047 (June 30, 2015 – 11,340,000) common share remain in escrow with a portion being released every six months until January 21, 2018.

15. Management of Capital

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of finance to fund the growth and development of its projects, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company's overall strategy with respect to management of capital at December 31, 2015 remains fundamentally unchanged from the year ended June 30, 2015.

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16. Supplemental Cash Flow Information

During the period ended December 31, 2015, the Company's non-cash investing and financing activities included issuing 6,720 finders' warrants are exercisable at a price of \$0.30 per common share until December 31, 2016 at a value of \$1,036.

During the period ended December 31, 2015, the Company issued 250,000 common shares at a price of \$0.30, for a total value of \$75,000, as a financing fee for commencement of due diligence in connection with a private placement financing.

During the period ended December 31, 2014, there were no significant non-cash investing or financing activities.

17. Segmented Information

The Company operates in one reportable segment, being data services, which information is regularly reviewed by the Company's President and CEO, being the chief decision making officer. Revenue is earned in two main regions, being Canada and United States. The following is a breakdown of revenue by geographic areas based on the customers' location:

	Three months ended		Six months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenue				
Canada	\$ 113,900	\$ -	\$ 135,150	\$ -
United States	150,052	-	150,052	-
	\$ 263,952	\$ -	\$ 285,202	\$ -

18. Related Party Transactions

The Company has entered into an executive consulting agreement for the services of the President and CEO, with a company controlled by the CEO and director of the Company. Under the terms of the agreement, the Company will pay the company a total of \$10,000 per month for the services of President and CEO. The Company may terminate the agreement with 30 days' notice.

During the six months ended December 31, 2015, the Company paid or accrued total compensation of \$79,500 (2014 - \$24,000) in consulting fees to key management personnel and their related companies. Key management personnel includes a company controlled by the CEO of the Company, a company controlled by a director of the Company, a company controlled by the CFO of the Company, and the former CFO of the Company.

Included in accounts payable and accrued liabilities is \$20,259 (June 30, 2015 - \$2,916) due to officers, directors, and a spouse of a director of the Company. Additionally, the Company has entered into loan agreements with a related party as detailed in note 10.

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. 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 accounts receivable in note 10.

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19. Commitments

The Company has commenced a due diligence process with an investment fund (the “Investor”) to undertake a possible private placement financing by issuing to the Investor senior secured collateralized convertible notes for a maximum of \$2,000,000. In conjunction with this potential financing, the Company has paid a due diligence fee of \$25,000 in cash and issued 250,000 common shares of the Company valued at \$75,000. A break fee of \$100,000 will be payable to the Investor if, for any reason, the Company decides not to proceed with the financing.

The Company has entered into an operating lease contracts for office space. The future minimum payments under these leases as at December 31, 2015 are as follows:

2016	\$ 22,800
2017	45,600
2018	22,800
2019	-
Thereafter	-
	<hr/>
	\$ 91,200

20. Subsequent Event

The following reportable events occurred from the date of the period ended December 31, 2015 to the date the condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on February 26, 2015:

- (a) Subsequent to December 31, 2015, an aggregate of 1,128,600 incentive stock options have been granted.
- (b) On January 21, 2015, the Company closed its final tranche its non-brokered private placement offerings, by issuing 1,109,334 units, at a price of \$0.30 per unit, for total gross proceeds of \$332,800. Each unit consists of one common share and one-half share purchase warrant. Each full warrant and agents’ warrants is exercisable at \$0.45 for a period of 24 months from the date of closing. The warrants are subject to an acceleration provision such that the Company will have the right to accelerate the expiry of the warrants to a 30-day period if the Company’s common shares trade at a price greater than \$0.75 for a period of ten consecutive trading days.