



CARL DATA SOLUTIONS INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018**

(UNAUDITED)

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

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM
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 consolidated interim financial statements of CARL Data Solutions Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim 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 Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

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

<i>As at</i>	MARCH 31, 2018	JUNE 30, 2017
ASSETS		
Current Assets		
Cash	\$ 1,198,483	\$ 40,606
Accounts and other receivables (Note 8)	293,290	216,864
Prepaid expenses	273,944	228,993
	1,765,717	486,463
Non-Current Assets		
Software in development (Note 10)	287,600	287,600
Software application (Notes 5 and 10)	75,738	174,039
Customer list (Notes 5 and 10)	336,144	439,198
Intellectual property (Notes 7 and 10)	49,778	-
Electrical systems certification (Notes 7 and 10)	20,889	-
Property and equipment (Note 9)	103,153	-
Cryptocurrency facility (Note 11)	250,000	-
Goodwill	36,421	36,421
Total Assets	\$ 2,925,440	\$ 1,423,721
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 345,653	\$ 808,984
Loans payable (Note 14)	4,000	448,907
Convertible note (Note 13)	449,268	29,735
	798,921	1,287,626
Convertible Note (Note 13)	-	357,999
Total Liabilities	798,921	1,645,625
Shareholders' Equity (Deficiency) (Note 15)		
Share Capital	14,257,862	7,910,928
Reserves	891,398	436,221
Equity conversion feature on convertible note (Note 13)	78,296	78,296
Commitment to issue shares (Note 5)	-	317,333
Accumulated other comprehensive income	24,148	16,407
Deficit	(13,125,185)	(8,981,089)
	2,126,519	(221,904)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 2,925,440	\$ 1,423,721

Nature of Operations and Going Concern (Note 1)

Commitments (Note 22)

Subsequent Events (Note 23)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON MAY 24, 2018

"Kevin Ma" (signed)

Director

"Chris Johnston" (signed)

Director

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)

<i>(Expressed in Canadian dollars)</i>	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
Revenue				
Data services	\$ 183,930	\$ 171,981	\$ 563,118	\$ 582,637
Other	96,878	67,416	330,295	228,392
	280,808	239,397	893,413	811,029
Expenses				
Accretion	26,575	29,327	61,534	106,997
Amortization (Notes 10 and 11)	78,782	48,199	211,146	195,782
Bad debt	-	1,400	-	14,985
Computer	76,920	4,865	211,198	30,269
Consulting	92,166	172,412	585,862	1,058,130
Filing and transfer agent	42,788	3,891	64,017	38,079
Foreign exchange loss	27,199	42,141	38,518	16,028
Interest	17,847	9,987	69,158	94,836
Investor relations	77,162	139,295	1,925,513	389,183
Loss on conversion of convertible note	-	-	-	264,175
Marketing	36,725	26,916	57,951	41,647
Occupancy	33,616	11,970	115,625	46,146
Office	44,201	55,995	126,145	151,374
Professional	78,080	171,662	214,024	296,806
Share-based payments (Note 17)	26,164	-	108,006	152,206
Salaries and wages	284,183	375,468	730,030	965,520
Travel	39,364	4,634	121,113	47,914
	(981,772)	(1,098,162)	(4,639,840)	(3,910,077)
Operating Loss	(700,964)	(858,765)	(3,746,427)	(3,099,048)
Other expenses				
Financing costs (Note 13)	-	(1,924)	(292,028)	(254,499)
Loss on conversion of convertible note	-	-	-	-
Gain (loss) on settlement of debt	3,325	-	(105,641)	-
Loss for the period	(697,639)	(860,689)	(4,144,096)	(3,353,547)
Other comprehensive gain (loss)				
Foreign exchange gain (loss) on translation of subsidiary	17,591	(55,592)	7,583	(101,372)
Comprehensive loss for the period	\$ (680,048)	\$ (916,281)	\$ (4,136,513)	\$ (3,454,919)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted	65,764,382	38,589,828	52,532,328	35,537,683
Loss Per Share				
Basic and Diluted	(\$0.01)	(\$0.02)	(\$0.08)	(\$0.10)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(UNAUDITED)

	Nine months ended March 31, 2018	Nine months ended March 31, 2017
Cash Flows used in Operating Activities		
Loss for the period	\$ (4,144,096)	\$ (3,353,547)
Non-cash items		
Amortization	211,145	195,782
Accrued interest expense	19,060	748
Accretion expense	61,534	106,997
Foreign exchange loss	11,278	-
Share-based payments	108,006	152,206
Financing fees	291,021	136,000
Loss on conversion of convertible note	-	264,175
Loss on settlement of debt	105,641	-
Changes in non-cash working capital items:		
Accounts and other receivables	(77,754)	(154,734)
Prepaid expenses	(44,912)	(38,339)
Accounts and other payables	(348,900)	1,111,210
	(3,807,977)	(1,579,502)
Cash Flows used in Investing Activities		
Acquisition of Carl Poland (Note 6)	109	-
Acquisition of Cryptocurrency facility (Note 11)	(250,000)	-
	(249,891)	-
Cash Flows provided by Financing Activities		
Net proceeds from issuance of common shares	4,969,149	900,000
Proceeds from exercise of stock options	30,000	109,850
Proceeds from exercise of warrants	-	65,910
Proceeds from convertible note	-	310,000
Short-term loans	609,140	103,037
Repayment of short-term loans	(394,060)	(74,137)
	5,214,229	1,414,660
Effect of foreign exchange on cash	1,516	52,040
Change in cash during the period	1,157,877	(112,802)
Cash – beginning of period	40,606	136,010
Cash – end of period	\$ 1,198,483	\$ 23,208

Supplemental Information (see note 19)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(UNAUDITED)
(Expressed in Canadian dollars, except share amounts)

	<u>Share Capital</u>		Reserves	Equity feature on convertible note	Commitment to issue shares	Accumulated other comprehensive gain (loss)	Deficit	Total
	Shares	Amount						
Balance – June 30, 2016	30,537,811	4,674,982	\$ 249,727	\$ 7,687	\$ -	\$ (2,352)	\$ (4,364,325)	\$ 565,719
Net comprehensive loss for the period	-	-	-	-	-	106,076	(3,353,547)	(3,247,471)
Shares issued for:								
Cash	2,500,000	900,000	-	-	-	-	-	900,000
Share issuance costs, shares	200,000	72,000	-	-	-	-	-	72,000
Share issuance costs, shares	-	(72,000)	-	-	-	-	-	(72,000)
Exercise of options	998,636	167,850	(58,000)	-	-	-	-	109,850
Exercise of warrants (Note 15)	406,600	77,670	(11,760)	-	-	-	-	65,910
Fees	425,000	144,000	-	-	-	-	-	144,000
Debt (Note 15)	3,177,275	1,432,500	(131,305)	-	-	-	-	1,301,195
Share issuance costs-warrants	-	(13,306)	13,306	-	-	-	-	-
Share based payments (Note 17)	-	-	144,206	-	-	-	-	144,206
Convertible feature on convertible note	-	-	-	38,723	-	-	-	38,723
Conversion of convertible note	1,191,176	405,000	-	(6,226)	-	-	-	398,774
Balance – March 31, 2017	39,436,498	\$ 7,788,696	\$ 206,174	\$ 40,184	\$ -	\$ 103,724	\$ (7,717,872)	\$ 420,906
Net comprehensive loss for the period	-	-	-	-	-	(87,317)	(1,263,217)	(1,350,534)
Shares issued for:								
Exercise of warrants (Note 15)	16,000	5,600	-	-	-	-	-	5,600
Exercise of options (Note 15)	-	5,129	(5,129)	-	-	-	-	-
Fees	-	20,000	131,305	-	-	-	-	151,305
Debt (Note 15)	-	(27,679)	-	-	-	-	-	(27,679)
Share Issuance Cost	-	(13,303)	13,303	-	-	-	-	-
Commitment to issue shares	-	-	-	-	317,333	-	-	317,333
Share based payments	-	-	90,568	-	-	-	-	90,568
Conversion of convertible note	-	132,485	-	-	-	-	-	132,485
Convertible feature on convertible note	-	-	-	38,112	-	-	-	38,112
Balance – June 30, 2017	39,452,498	\$ 7,910,928	\$ 436,221	\$ 78,296	\$ 317,333	\$ 16,407	\$ (8,981,089)	\$ (221,904)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(UNAUDITED)

	<u>Share Capital</u>		Reserves	Equity feature on convertible note	Commitment to issue shares	Accumulated other comprehensive gain (loss)	Deficit	Total
	Shares	Amount						
Balance – June 30, 2017	39,452,498	\$ 7,910,928	\$ 436,221	\$ 78,296	\$ 317,333	\$ 16,407	\$(8,981,089)	\$ (221,904)
Net comprehensive loss for the period	-	-	-	-	-	7,741	(4,144,096)	(4,136,355)
Shares issued for:								
Cash (Note 15)	21,203,076	5,512,800	-	-	-	-	-	5,512,800
Exercise of options (Note 15)	272,727	47,236	(17,236)	-	-	-	-	30,000
Settlement of dissenter contingency (Note 15)	933,332	294,000	-	-	(317,333)	-	-	(23,333)
Acquisition of assets (Note 7 and 15)	400,000	194,000	-	-	-	-	-	194,000
Debt settlement (Note 15)	4,136,065	1,206,956	-	-	-	-	-	1,206,956
Share issuance costs – cash (Note 15)	-	(543,651)	-	-	-	-	-	(543,651)
Share issuance costs – warrants (Note 15)	-	(26,102)	26,102	-	-	-	-	-
Share issuance costs – options (Note 15)	-	(338,305)	338,305	-	-	-	-	-
Share-based payments (Note 17)	-	-	108,006	-	-	-	-	108,006
Balance – March 31, 2018	66,397,698	\$14,257,862	\$ 891,398	\$ 78,296	\$ -	\$ 24,148	\$(13,125,185)	\$ 2,126,519

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

CARL DATA SOLUTIONS INC.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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

1. Description of Business and Nature of Operations

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

CARL is a public company that is listed on the Canadian Securities Exchange (“CSE”) (under the symbol: CRL), the Frankfurt Stock Exchange (under the symbol: 7C5) and the OTC Pink (under the symbol: CDTAF). The head office and principal address of the Company is located at Suite 488 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

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 is developing 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, incorporated in Washington State, USA on May 5, 2010, is a company that specializes 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 5).

Carl PL, incorporated in Gdansk, Poland is company whose principal business is the development of an anomaly detection application. CARL acquired all of the outstanding share capital of Carl PL on March 16, 2018 (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 March 31, 2018, the Company had not achieved profitable operations, had accumulated a deficit of \$13,125,185 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. These matters indicate material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated 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 the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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

2. Basis of Preparation (cont'd...)

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, which is the functional currency of the parent company and its subsidiaries.

Basis of Consolidation

These consolidated financial statements include the financial statements of CARL and its controlled and wholly-owned subsidiaries ETS, FlowWorks, and Carl PL. ETS, FlowWorks, and Carl PL have historically maintained a fiscal year-end of December 31, and retained that year-end post acquisition. The Company may change the year-end to match the Company's year-end in the future. 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. Accounting Standards and Amendments Issued but 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 is currently evaluating the impact of adopting these amendments on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

4. Significant Accounting Judgments and Estimates

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.

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

4. Significant Accounting Judgments and Estimates (cont'd...)

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.

Critical accounting judgments

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 and the functional currency of Carl PL is the Polish Zloty.

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 and Carl PL. 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 (Notes 5 and 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. Equity-settled transactions with non-employees are recorded at the fair value of the service provided, where this is readily determinable. In other instances they are recorded at the fair value of the equity instruments issued. 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-based award, volatility and dividend yield and making assumptions about them.

5. Acquisition of FlowWorks

On October 13, 2015, the Company completed the acquisition 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.

CARL DATA SOLUTIONS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

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5. Acquisition of FlowWorks (cont'd...)

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 the dissenter's rights. The Company agreed to a settlement with the dissenter by paying US \$111,000 and issuing 933,332 common shares.

This acquisition is consistent with the Company's corporate growth strategy to build and acquire applications that assist in the collection, storage and analysis of large volumes of information for data centric companies. FlowWorks has a committed, pre-existing customer base. The Company plans to expand upon FlowWorks' proven marketing strategy to attract new customers by implementing innovative marketing automation technologies, which include the use of the Company's Extend-to-Social Referral Marketing Application.

Purchase price consideration	
Value of 7,629,397 common shares issued at \$0.32	\$ 2,441,407
Assets acquired and liabilities assumed	
Cash	\$ 124,055
Accounts receivable	215,743
Prepaid expenses	23,978
Software application	387,634
Customer list	659,154
Accounts payable	(515,132)
Dissenter liability	(310,593)
Deferred income tax liabilities	(149,000)
Goodwill on acquisition	2,005,568
	\$ 2,441,407

Accounts receivable acquired with FlowWorks are trade receivables under normal course of business and are recorded at fair value at the date of acquisition. The fair value of the accounts receivable at acquisition equals its carrying value at that date.

The software application is web-based application which enables clients to analyze environmental data for water management purposes. Income tax consequences of the transaction included a deferred income tax liability of \$149,000, which together with the fair values of other assets and liabilities acquired resulted in the recognition of \$2,005,568 in goodwill that is not deductible for tax purposes. 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. The software application is amortized over a 3-year term. During the period ended March 31, 2018, the Company recognized amortization of \$94,525. During the Company's annual impairment review, the Company decreased future expectations with respect to revenue which resulted in a negative net present value and decided to write-off the balance of goodwill being \$2,005,568 to profit or loss.

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 30% discount rate. The customer list is amortized over a 5-year term. In the period ended March 31, 2018, the Company recognized amortization of \$96,440.

FlowWorks' total revenues, total expenses and net loss of \$715,011, \$1,023,111 and \$308,100, respectively, since the acquisition date, have been included in profit or loss for the year ended June 30, 2016. Had the acquisition occurred on July 1, 2015 revenues, total expenses and net loss of \$980,155, \$1,297,183 and \$317,028, respectively, would have been included in profit or loss for the year ended June 30, 2016.

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(figures in tables are expressed in Canadian dollars, except per share amounts)

6. Acquisition of Carl PL

On March 16, 2018, the Company acquired 100% of the outstanding shares of Carl PL pursuant to a share sale agreement between CARL and Carl PL's shareholders. CARL acquired 100% of the outstanding shares of Carl PL by paying \$2,000.

Prior to the acquisition, Carl PL provided consulting services to the Company and has been involved in the development of an anomaly detection application for CARL's customers using the ETS NoSQL data collection and storage platform.

Purchase price consideration	
Cash	\$ 2,000
Assets acquired and liabilities assumed	
Cash	\$ 109
Accounts payable	(2,109)
	\$ 2,000

7. Acquisition of AB Embedded Assets

On November 30, 2017, the Company completed the acquisition of substantially all of the assets of AB Embedded Systems Ltd. ("AB Embedded"), an unrelated third party. The acquired combination of hardware designs, development tools and source code provide the Company with the opportunity to provide custom control systems developed in-house, offering synergies with the Company's existing BDaaS solutions.

In exchange for AB Embedded's assets, the Company issued 400,000 common shares valued at \$194,000. Concurrent with the acquisition, the Company entered into an independent contractor agreement with AB Embedded Systems Ltd., whereby AB Embedded will provide services to the Company for an indefinite term. The Company will issue an additional 400,000 common shares one year from closing, provided neither party has terminated the independent contractor agreement. The acquisition of assets constitutes a business combination and the purchase price as been allocated as follows:

Purchase price consideration	
Value of 400,000 common shares issued at \$0.485	\$ 194,000
Assets acquired	
Property and equipment	\$ 114,500
International certification	23,500
Intellectual property	56,000
	\$ 194,000

The property and equipment acquired comprise hardware and manufacturing equipment for the development of custom devices, computer equipment, and office furniture and has been recognized at fair value on the date of acquisition. The intellectual property relates to various pieces of source code for the development of the custom control systems and will be amortized over a 3-year term. The Company also acquired AB Embedded's global production certification, which will also be amortized over a 3-year term.

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(UNAUDITED)

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

8. Accounts and Other Receivables

	March 31, 2018	June 30, 2017
Accounts receivable	\$ 273,154	\$ 210,174
Goods and services tax ("GST") receivable	20,136	6,690
	\$ 293,290	\$ 216,864

9. Property and Equipment

	Machinery & equipment	Computer equipment	Office furniture	Total
Cost				
Balance – June 30, 2017	\$ -	\$ -	\$ -	\$ -
Additions	102,790	10,505	1,205	114,500
Balance – March 31, 2018	102,790	10,505	1,205	114,500
Accumulated Amortization				
Balance – June 30, 2017	\$ -	\$ -	\$ -	\$ -
Amortization	10,222	1,045	80	11,347
Balance – March 31, 2018	10,222	1,045	80	11,347
Balance – June 30, 2017	\$ -	\$ -	\$ -	\$ -
Balance – March 31, 2018	\$ 92,568	\$ 9,460	\$ 1,125	\$ 103,153

10. Intangible assets

Software in Development

A total of \$83,428 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. 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, 2016 and 2017	\$ 83,428	\$ 204,172	\$ 287,600
Expenditure on software development	-	-	-
Balance – March 31, 2018	\$ 83,428	\$ 204,172	\$ 287,600

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10. Intangible assets (cont'd...)

Software Application

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

	Fair Value	Amortization	Cumulative Translation Adjustment	Total
Balance – June 30, 2016	\$ 387,634	(91,641)	(1,934)	294,059
Amortization	-	(132,427)	-	(132,427)
Foreign currency translation	-	-	12,407	12,407
Balance – June 30, 2017	387,634	(224,068)	10,473	174,039
Amortization	-	(94,525)	-	(94,525)
Foreign currency translation	-	-	(3,776)	(3,776)
Balance – March 31, 2018	\$ 387,634	\$ (318,593)	\$ 6,697	\$ 75,738

Customer List

The customer list relates to the customers acquired with FlowWorks. The asset is a finite life asset and is being amortized straight-line over a period of five years.

	Fair Value	Amortization	Cumulative Translation Adjustment	Total
Balance – June 30, 2016	\$ 659,154	\$ (93,383)	\$ (1,955)	\$ 563,816
Amortization	-	(135,112)	-	(135,112)
Foreign currency translation	-	-	10,494	10,494
Balance – June 30, 2017	\$ 659,154	\$ (228,495)	\$ 8,539	\$ 439,198
Amortization	-	(96,440)	-	(96,440)
Foreign currency translation	-	-	(6,614)	(6,614)
Balance – March 31, 2018	\$ 659,154	\$ (324,935)	\$ 1,925	\$ 336,144

Intellectual Property

The intellectual property relates to the source code transferred from AB Embedded Systems Ltd. The asset is a finite life asset and is being amortized straight-line over a period of three years.

	Fair Value	Amortization	Total
Balance – June 30, 2017	\$ -	\$ -	\$ -
Acquired intellectual property (Note 7)	56,000	-	56,000
Amortization	-	(6,222)	(6,222)
Balance – March 31, 2018	\$ 56,000	\$ (6,222)	\$ 49,778

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10. Intangible assets (cont'd...)

International Certification

The international certification relates to certification transferred from AB Embedded Systems Ltd. The asset is a finite life asset and is being amortized straight-line over a period of three years.

	Fair Value	Amortization	Total
Balance – June 30, 2017	\$ -	\$ -	\$ -
Acquired international certification (note 6)	23,500	-	23,500
Amortization	-	(2,611)	(2,611)
Balance – March 31, 2018	\$ 23,500	\$ (2,611)	\$ 20,889

11. Cryptocurrency Mining Facility

On January 15, 2018, the Company entered into an agreement with Connected Finntech Inc. (“Connected”), whereby Connected will develop and maintain a cryptocurrency mining facility on the Company’s behalf. Under the terms of the agreement, the Company agreed to pay Connected:

- (a) \$250,000 plus the issuance of 500,000 common shares on the date of signing;
- (b) 500,000 common shares upon completion of development;
- (c) 500,000 common shares six months from the completion date; and
- (d) 500,000 common shares twelve months from the completion date.

The Company also agreed to pay Connected a royalty equal to 15% of monthly net revenues generated from the mining facility and a monthly retainer of \$4,000. As at March 31, 2018, the Company has paid \$250,000 and is renegotiating the terms of the agreement with Connected to remove the monthly retainer and share issuances.

As at March 31, 2018, the facility was in development with the mining for cryptocurrencies commencing subsequent to the period end.

12. Accounts Payable and Accrued Liabilities

	March 31, 2018	June 30, 2017
Trade accounts payable	\$ 253,025	\$ 440,337
Due to related parties (Note 21)	77,528	183,588
Accrued liabilities	15,100	40,500
Dissenter liability payable (Note 5)	-	144,559
	\$ 345,653	\$ 808,984

13. Convertible Note

During the year ended June 30, 2016, the Company completed a senior secured collateralized convertible note (“Note”) financing of up to \$2,000,000 to be received in tranches. All tranches of the Note bear interest of 10% (12% if in default) per annum, calculated and payable monthly, in advance. All tranches mature within two years of the initial issuance.

On June 30, 2016, the Company issued an initial tranche of \$500,000 incurring total transaction costs of \$432,075. The principal, at the option of the holder, will be convertible into common shares of the Company at a conversion price of \$0.45 per common share, subject to adjustment as per the agreement.

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13. Convertible Note (cont'd...)

If at any time following four months after the issue date of any Note, the closing price of the Company is \$0.75 per share for 30 consecutive trading days with a daily weighted-average trading volume of more than 400,000 shares, the Company may force the conversion of one-half of the aggregate principal.

From and after the one-year anniversary of any Note, the Company, at its option, may prepay, without notice or penalty, the principal amount of all the outstanding Notes in full or in part together with any accrued and unpaid interest.

Each tranche of the Note contains both an equity component, being the holder's conversion right, and a liability component, each of which are presented separately on the consolidated statement of financial position. The Company allocated the transaction costs to the debt and equity components based on the relative fair values of the Note and the equity conversion option. Interest and transaction costs are recognized by accreting the liability component to its face value over the term of the Note.

The Company paid a non-refundable commitment fee, included in total transaction costs, of \$50,000 and 375,000 shares. Total commitment fees of \$237,500, applicable to the full facility, were initially incurred and deferred. These fees are recognized as part of the initial carrying values of each tranche of debt issued based on the relative percentage of each tranche face value to the total facility value of \$2,000,000. At March 31, 2018 \$112,940 (June 30, 2017 – \$131,813) is recorded in prepaid expenses. The Company shall issue 800,000 bonus shares on the closing date and on the date of conversion. 400,000 of these bonus shares were issued on the closing date and included in total transaction costs.

In the event the Company does not issue Notes in accordance with the terms of the agreement, the Company is subject to a break fee of \$100,000. At any time after issuance, the holder has the right to convert the principal amount of the Note at the above conversion price.

During the year ended June 30, 2017, the Company entered into an amendment allowing the conversion at the price of \$0.34 per share and of the initial \$500,000 tranche, \$405,000 was converted through the issuance of 1,191,176 common shares. The Company recognized \$458,012 to the statement of loss and comprehensive loss as a result of the conversion. In connection with the conversion, the Company was required to issue 400,000 common shares to the holder with a fair value of \$156,000 to settle amounts payable of \$136,000. The 400,000 common shares issued represent the balance of the bonus shares not issued during fiscal 2016.

During the year ended June 30, 2017, the Company initiated issuances of the Company's convertible notes and received \$390,000 in proceeds, of which \$87,189 was recognized to equity upon receipt. During fiscal 2017 issuances of Notes with face values and issuance dates were completed as follows: September 1, 2016 - \$160,000; September 30, 2016 - \$150,000 and April 30, 2017 - \$80,000.

During the period ended March 31, 2018, all future royalties, valued at \$291,022, were settled by issuance of 1,119,316 common shares (Note 15).

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13. Convertible Note (cont'd...)

	March 31, 2018	June 30, 2017
Balance, beginning of period	\$ 387,734	\$ 60,238
Issuance of convertible notes – face value	-	390,000
Transaction costs	-	(46,313)
Convertible note, equity component	-	(76,835)
Accretion of convertible note	61,534	133,891
Conversion of convertible note	-	(73,247)
Balance, end of period	449,268	387,734
Current portion	(449,268)	(29,735)
Long-term portion	\$ -	\$ 357,999
Convertible note, equity component, end of period	\$ 78,296	\$ 78,296
Face value of Note at maturity	\$ 485,000	\$ 485,000

14. Loans Payable

	March 31, 2018	June 30, 2017
Balance – beginning of period	\$ 448,907	\$ 515,104
Advances of short-term loans	609,140	377,900
Interest and fees accrued	19,060	748
Repayments – cash	(394,060)	(71,100)
Settlements – shares (note 15)	(679,047)	(373,745)
Balance – end of period	\$ 4,000	\$ 448,907

During the period, the Company was advanced a \$609,140 in short term loans from unrelated parties. The loans were unsecured, non-interest bearing, and repayable upon demand. During the period, the Company issued 2,611,714 common shares at a deemed price of \$0.26 to settle short term debt in the aggregate of \$679,047 and repaid \$394,060 with cash.

15. Share Capital

(a) Authorized Share Capital

As at March 31, 2018, 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 period ended March 31, 2018, the Company issued common shares as follows:

- (i) On July 4, 2017, the Company issued 888,888 common shares in settlement of the dissenting shareholder liability (Note 5) at a deemed price of \$0.31 per common share. Included in the statement of comprehensive loss is a gain of \$26,667 related to the difference between market value of the shares on settlement and the value accrued at June 30, 2017.

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15. Share Capital (cont'd...)

(b) Issued Share Capital (cont'd...)

- (i) On September 5, the Company completed the first tranche of a non-brokered private placement by issuing 2,055,000 common share units (each, a "Unit") at a price of \$0.26 per unit for gross proceeds of \$534,300. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of \$0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than \$0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of \$42,744 and issued 164,400 non-transferrable unit finder's warrants, valued at \$21,169. Each finder's warrant entitles the holder to purchase one finder's unit at a price of \$0.33 per finder's unit for a two-year period from the closing date. Each finder's unit contains one common share and one common share purchase warrant, exercisable at \$0.40 for a period of two years from the closing date. The Company incurred additional share issuance costs of \$25,600 in connection with the closing.

- (ii) On September 5, 2017, the Company issued 2,611,714 Units in settlement of loans from unrelated parties (Note 14) at a deemed price of \$0.26 per common share. Included in the statement of comprehensive loss is a loss of \$91,409 related to the difference between market value of the shares on settlement and the value of the debt settled.
- (iii) On September 5, 2017, the Company issued 1,119,316 Units to settle future royalty payments on its convertible note (Note 13) of \$291,022. Included in the statement of comprehensive loss is a loss of \$39,176 related to the difference between market value of the shares on settlement and the value of the debt settled.
- (iv) On October 25, 2017, The Company completed the second and final tranche of a non-brokered private placement by issuing 1,618,824 common share units (each, a "Unit") at a price of \$0.26 per unit for gross proceeds of \$420,894. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of \$0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than \$0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of \$11,846 and issued 45,560 non-transferrable unit finder's warrants. Each finder's warrant entitles the holder to purchase one finder's unit at a price of \$0.33 per finder's unit for a two-year period from the closing date. Each finder's unit contains one common share and one common share purchase warrant, exercisable at \$0.40 for a period of two years from the closing date.

- (v) On October 25, 2017, the Company settled debts with three related party debtholders in the aggregate amount of \$79,500 by issuing 305,768 Units at price of \$0.26 per Unit.
- (vi) On November 2, 2017, the Company issued 272,727 common shares through the exercise of stock options for gross proceeds of \$30,000.

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15. Share Capital (cont'd...)

(b) Issued Share Capital (cont'd...)

- (vii) On November 27, 2017, The Company completed a non-brokered private placement by issuing 6,486,921 common share units (each, a "Unit") at a price of \$0.26 per unit for gross proceeds of \$1,686,599. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of \$0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than \$0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of \$208 and issued 1,000 non-transferrable unit finder's warrants exercisable at \$0.40 for a period of two years.

- (viii) On November 30, 2017, the Company issued 400,000 common shares on the acquisition of assets of AB Embedded Systems Ltd. (Note 7) valued at \$194,000.

- (ix) On December 12, 2017, the Company issued 44,444 common shares in settlement of the dissenting shareholder liability (Note 5) at a deemed price of \$0.415 per common share. Included in the statement of comprehensive loss is a loss of \$3,333 related to the difference between market value of the shares on settlement and the value accrued at June 30, 2017.

- (x) On January 5, 2018, the Company completed a rights offering by issuing an aggregate of 11,042,331 units (each, a "Unit") of the Company at a subscription price of \$0.26 per Unit, raising aggregate proceeds of \$2,871,006. Each Unit consisted of one common share and one listed transferable common share purchase warrant with each warrant being exercisable for a two-year period from the date of issuance of the Units at a price of \$0.35 per Share, if exercised prior to July 5, 2018, and at a price of \$0.40 per Share thereafter.

In connection with the offering, the Company paid a corporate finance fee of \$40,000, a cash commission of \$287,100, other share issuance costs of \$74,133 and granted 2,085,002 dealer's options to acquire additional Units at a price of \$0.26 for a period of two years valued using the Black-Scholes model at \$338,305;

- (xi) On January 18, 2018, the Company issued 99,267 common shares at a price of \$0.27 per share for a total value of \$26,802 to settle debt of \$30,723.

During the year ended June 30, 2017, the Company issued common shares as follows:

- (i) On May 2, 2017, the Company issued 16,000 common shares through the exercise of warrants for gross proceeds of \$5,600.
- (ii) On March 17, 2017, the Company issued 998,636 common shares through the exercise of stock options for gross proceeds of \$109,850.
- (iii) On October 24, 2016 and November 23, 2016, the Company issued a total of 727,611 common shares at a price of \$0.34 to settle debts of \$247,388. The Company recorded a loss on settlement of debts of \$53,786 based on the difference between the fair value of the shares on the settlement date and the value of the debts settled.
- (iv) On November 23, 2016, the Company issued 1,191,176 common shares for the conversion of \$405,000 in convertible debentures and a further 400,000 common shares as bonuses related to the conversion. The Company recorded the fair value of the bonus shares based on the issuance date fair value of \$156,000.

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15. Share Capital (cont'd...)

(b) Issued Share Capital (cont'd...)

- (v) On October 24, 2016, the Company completed a non-brokered private placement whereby the Company issued 2,500,000 units at a price of \$0.36 per unit for gross proceeds of \$900,000. Each unit comprised of one common share and one-half of one transferable share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of \$0.60 for two years. No amount was allocated to the warrants portion of the units, on a residual value basis, as the share price on issuance was in excess of the unit price. In connection with the offering, the Company issued 200,000 finder's shares and 200,000 finder's warrants under the same terms as above. The Company recognized non-cash issue costs of \$72,000 for the shares and \$26,609 for 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, 0.48%; Dividend yield, 0%; Expected volatility, 70%; and Expected life, 2 years.
- (vi) On October 12, 2016, the Company issued 25,000 bonus common shares, with a fair value of \$8,000, to a consultant for recruitment services.
- (vii) On September 28, 2016, the Company issued 750,000 common shares at a price of \$0.40 per share to settle \$300,000 of accounts payable owed to an arm's length party. The Company recorded a loss on settlement of debt of \$22,500 based on the difference between the fair value of the shares on the settlement date and the value of the debt settled.
- (viii) On September 16, 2016, the Company issued 750,000 common shares at a price of \$0.40 per share to settle \$300,000 of accounts payable owed to a non-arm's length party. The Company recorded a loss on settlement debt of \$15,000 based on the difference between the fair value of the shares on the settlement date and the value of the debt settled.
- (ix) On August 23 and September 26, 2016, the Company issued a total of 406,600 common shares through the exercise of share purchase warrants for gross proceeds of \$65,910.
- (x) On July 20, 2016, the Company issued 949,664 common shares including 881,887 common shares at a price of \$0.48 per share and 67,777 common shares at a price of \$0.45 per share to settle \$453,806 of debt owed and amounts payable to various arm's length and non-arm's length parties. The Company recorded a loss on settlement of debt of \$40,019 based on the difference between the fair values of the shares on the settlement date and the value of the debt settled.

As at March 31, 2018, a total of 333,780 (June 30, 2017 – 4,873,765) common shares remain in escrow.

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16. 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, 2016	\$0.34	1,533,987
Issuance of warrants	\$0.60	1,450,000
Expired	\$0.35	(514,720)
Exercised	\$0.17	(422,600)
Balance - June 30, 2017	\$0.56	2,046,667
Issuance of warrants	\$0.38	25,450,834
Expired	\$0.45	(596,667)
Balance – March 31, 2018	\$0.39	26,900,834

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

	Exercise price	Number of warrants	Expiry date
Finders' warrants	\$0.60	200,000	October 23, 2018
Share purchase warrants	\$0.60	1,250,000	October 23, 2018
Share purchase warrants	\$0.40	5,786,030	September 5, 2019
Finders' warrants	\$0.33	164,400	September 5, 2019
Share purchase warrants	\$0.40	1,924,592	October 25, 2019
Finders' warrants	\$0.33	45,560	October 25, 2019
Share purchase warrants	\$0.40	6,486,921	November 27, 2019
Finders' warrants	\$0.40	1,000	November 27, 2019
Share purchase warrants	\$0.35*	11,042,331	January 5, 2020
		26,900,834	

*On July 5, 2018, the exercise price of these warrants increases to \$0.40

17. 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.

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17. Share-Based Payments (cont'd...)

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, 2016	\$ 0.23	2,763,600
Exercised (weighted average share price of \$0.33)	\$ 0.11	(998,636)
Granted	\$ 0.40	1,300,186
Balance – June 30, 2017	\$ 0.34	3,065,150
Expired / Cancelled	\$ 0.42	(149,000)
Exercised (weighted average share price of \$0.34)	\$ 0.11	(272,727)
Granted	\$ 0.26	2,085,002
Balance – March 31, 2018	\$ 0.32	4,728,425

Incentive share options outstanding and exercisable March 31, 2018 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	363,637	1.81 years	\$0.11	363,637	\$0.11
\$ 0.40	1,029,600	2.81 years	\$0.40	827,200	\$0.40
\$ 0.45	565,247	3.40 years	\$0.45	356,247	\$0.45
\$ 0.36	684,939	3.97 years	\$0.36	342,470	\$0.36
\$ 0.26	2,085,002	1.77 years	\$0.26	2,085,002	\$0.26
	4,728,425		\$0.32	3,974,556	\$0.30

The weighted average fair value of options granted during period ended March 31, 2018 was \$0.16 (2017 - \$0.25). Total share-based payments recognized in the statement of shareholders' equity for the period ended March 31, 2018 was \$108,006 (2017 - \$152,206) for incentive vested and was recognized in the statement of loss and comprehensive loss.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2018	2017
Risk-free interest rate	1.77%	0.61%
Expected life of option	2 years	5 years
Expected annualized volatility	91%	70%
Expected dividend rate	Nil	Nil

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18. 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 funds for 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 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 March 31, 2018 remains fundamentally unchanged from the year ended June 30, 2017.

19. Supplemental Cash Flow Information

During the period ended March 31, 2018, the Company:

- a) issued 933,332 common shares at a price of \$0.31 for a total value 294,000 to settle its previously accrued commitment to issues shares;
- b) issued 2,611,714 common shares at a price of \$0.295 for a total value of \$770,456, to settle loans payable valued at \$679,047;
- c) issued 449,479 common shares valued at \$124,746 to settled accounts payable valued at \$125,384;
- d) granted finders' warrants valued at \$26,102 on private placements closed during the period;
- e) granted dealer's options valued at \$338,305 on the rights offering closed during the period;
- f) reclassified \$17,236 from reserves to share capital on the exercise of options; and
- g) issued 400,000 common shares at a price of \$0.495 for a total value of \$194,000 to acquire assets.

During the period ended March 31, 2017, the Company:

- a) issued 3,177,275 common shares at a price of \$0.34 to settle debt of \$1,432,499 for short term loans, accrued interest, and accounts payables;
- b) issued 600,000 common shares at a weighted average price of \$0.35, for a total value of \$208,000, as financing fees in connection with a private placement financing; and
- c) issued 25,000 common shares at a price of \$0.32 for services.

20. 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 each customers' location:

	Three months ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Revenue				
Canada	\$ 112,492	\$ 87,208	\$ 320,315	\$ 331,205
United States	168,316	152,189	573,098	479,824
	\$ 280,808	\$ 239,397	\$ 893,413	\$ 811,029

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21. Related Party Transactions

The Company has entered into an executive consulting agreement with a company controlled by the President, CEO and director of the Company. Under the terms of the agreement, the Company will pay the company a total of \$11,667 per month.

During the period ended March 31, 2018, the Company paid or accrued, to key management personnel and their related companies, total compensation of \$248,667 (2017 - \$718,612) in consulting fees and expensed \$25,701 (2017 - \$36,428) in share-based payments to key management personnel and their related companies. Key management personnel include a company controlled by the CEO of the Company, companies controlled by directors of the Company, and a company related to the CFO of the Company.

During the period ended March 31, 2018, the Company issued 305,768 (2017 – 2,282,282) common shares to related parties to settle debt of \$79,500 (2017 – \$931,597).

Included in accounts payable and accrued liabilities is \$77,528 (June 30, 2017 - \$183,588) due to officers and directors.

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. A company controlled by the Company’s CEO owns 10% of RA. Revenue of \$72,450 (2017 - \$24,150) was recorded on the statement of comprehensive loss from RA for the period ended March 31, 2018. As at March 31, 2018, \$33,810 (June 30, 2017 - \$8,453) was owed from RA.

Kerr Wood Leidal Associates Ltd. (“KWL”)

KWL, a consulting engineering company, founded and created FlowWorks, and is related to a Director of the Company. During the period ended March 31, 2018, the Company earned sales revenue from KWL of \$104,422 and incurred expenses from KWL of \$14,899. Included in accounts receivable as at March 31, 2018 is a balance owing from KWL of \$12,958.

22. Commitments

In connection with the convertible note (note 11), a break fee of \$100,000 will be payable to the note holder if, for any reason, the Company decides not to proceed with the financing.

The Company has entered into an operating lease contract for office space. The future minimum payments under the lease as at March 31, 2018 are as follows:

2018	\$	83,217
2019		86,572
2020		90,598
2021		91,269
2022		15,212
	\$	366,868

23. Subsequent Events

Subsequent to March 31, 2018, the Company:

- granted 1,400,000 stock options to various directors, officers, consultants and employees with an exercise price of \$0.19 and a life of four years. All options vested on grant;
- granted 100,000 stock options to an IR consultant with an exercise price of \$0.19 and life of three years. The options vest 25% on grant, and 25% each three months thereafter; and
- issued 75,000 common shares valued at \$13,500 as a bonus to an employee and 102,631 valued at \$18,474 in settlement of accounts payable valued at \$19,500 to a director of the Company.