CARL DATA SOLUTIONS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

(UNAUDITED)
(Expressed in Canadian Dollars)

CONTENTS

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 ñCompanyò) have been prepared by and are the responsibility of the Companyøs management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect managementøs best estimates and judgment based on information currently available.

The Companyøs independent auditor, Baker Tilly WM 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 entityøs auditor.

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Presented in Canadian Dollars - unaudited

As at		September 30, 2019		June 30, 2019
ASSETS				
Current Assets				
Cash	$	189,349	$	30,829
Accounts and other receivables (note 6)		449,870		367,499
Digital currencies (note 7)		396		615
Prepaid expenses		252,117		396,567
		891,732		795,510
Non-Current Assets				
Intangible assets (notes 5 and 9)		1,509,103		1,688,972
Property, equipment, and right-of-use assets (note 8)		917,800		518,787
Goodwill		118,775		118,775
Total Assets	$	3,437,410	$	3,122,044
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (note 10)	$	810,976	$	1,149,568
Current portion of lease liabilities (note 11)		160,385		-
Proceeds on convertible notes received in advance (note 13)		250,000		-
Current portion of convertible notes (note 13)		784,490		741,022
Current portion of loans payable (note 12)		565,130		519,701
		2,570,981		2,410,291
Loans payable (note 12)		225,000		225,000
Lease liabilities (note 11)		298,847		-
Total Liabilities		3,094,828		2,635,291
Shareholders' Equity (note 14)				
Share capital		16,325,421		15,825,300
Reserves		1,917,221		1,579,170
Equity conversion feature on convertible note (note 13)		90,206		90,206
Commitment to issue shares (note 12)		10,000		10,000
Accumulated other comprehensive income		43,931		40,284
Deficit		(18,044,197)		(17,058,207)
		342,582		486,753
Total Liabilities and Shareholders' Equity	$	3,437,410	$	3,122,044

Description of Business and Going Concern (note 1)
Subsequent Events (note 22)

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 29, 2019

"Kevin Ma"
Director

"Chris Johnston"
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
Presented in Canadian Dollars - unaudited

For the three months ended		September 30, 2019		September 30, 2018
Revenue				
Data services	$	318,462	$	248,002
Data hosting		121,127		189,000
Digital currency verification services (note 7)		-		4,379
Custom programming service contracts		608		931
Social referral software		24,150		24,150
		464,347		466,462
Expenses				
Accretion of convertible note (note 13)		43,468		-
Amortization (note 9)		181,787		209,040
Bad debts (notes 6 and 20)		9,329		4,655
Computer hosting costs		225,113		74,708
Consulting		120,095		307,359
Depreciation (note 8)		79,759		53,856
Energy costs		80,083		100,651
Filing and transfer agent		15,981		2,743
Foreign exchange (gain) loss		(1,322)		953
Interest and penalties (note 12)		35,947		32,436
Investor relations		227,525		22,458
Marketing		11,148		17,235
Occupancy		8,030		48,051
Office and miscellaneous		42,797		60,016
Professional		45,965		65,539
Share-based payments (note 16)		18,051		18,829
Salaries and wages		266,278		307,210
Travel		33,592		38,536
		1,443,626		1,364,275
Operating loss		(979,279)		(897,813)
Other items				
Financing costs (note 12)		-		(30,000)
Gain on settlement of debt (note 14)		5,000		-
Lease accretion (note 11)		(11,492)		-
Revaluation of digital currencies (note 7)		(219)		(1,830)
Loss for the period		(985,990)		(929,643)
Other comprehensive loss				
Foreign exchange loss on translation of subsidiary		3,647		(11,798)
Comprehensive loss for the period	$	(982,343)	$	(941,441)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted		79,506,381		75,759,052
Loss Per Share				
Basic and Diluted	$	(0.01)	$	(0.01)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Presented in Canadian Dollars - unaudited

For the three months ended	September 30, 2019	September 30, 2018
Cash Flows used in Operating Activities		
Loss for the period	$ (985,990)	$ (929,643)
Non-cash items		
Amortization	181,787	209,040
Accretion expense	43,468	-
Accrued commitment to issue shares	-	78,899
Accrued interest expense	15,429	30,000
Depreciation	79,759	53,856
Digital currency verification services	-	(4,379)
Gain on settlement of debt	(5,000)	-
Lease accretion	11,492	-
Revaluation of digital currencies	219	1,830
Share-based payments	18,051	18,829
Changes in non-cash working capital items:		
Accounts and other receivables	(79,481)	178,093
Prepaid expenses	144,429	(6,406)
Accounts payable and accrued liabilities	(238,144)	172,382
	(813,981)	(197,499)
Cash Flows provided by Financing Activities		
Net proceeds from issuance of common shares	736,000	-
Repurchase of common shares	(10,879)	(54,010)
Proceeds on convertible notes received in advance	250,000	-
Short-term loans	30,000	400,000
Payments of lease liabilities	(31,032)	-
Repayment of short-term loans	-	(300,000)
	974,089	45,990
Effect of foreign exchange on cash	(1,588)	(2,835)
Change in cash during the period	158,520	(154,344)
Cash – beginning of period	30,829	247,795
Cash – end of period	$ 189,349	$ 93,451

Supplemental Cash Flow Information (see note 18)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERSôEQUITY
Presented in Canadian Dollars - unaudited

	Share Capital							
	Shares	**Amount**	**Reserves**	**Equity feature on convertible note**	**Commitment to issue shares**	**Accumulated other comprehensive gain (loss)**	**Deficit**	**Total**
Balance – June 30, 2018	75,875,329	$ 15,638,336	$ 1,293,509	$ 1,477	$ 113,211	$ 41,663	$ (13,689,607)	$ 3,398,589
Net comprehensive loss for the period	-	-	-	-	-	(11,798)	(929,643)	(941,441)
Shares repurchased (note 14)	(184,440)	(54,010)	-	-	-	-	-	(54,010)
Accrued commitment to issue shares (notes 5 and 14)	-	-	-	-	78,899	-	-	78,899
Share-based payments (note 16)	-	-	18,829	-	-	-	-	18,829
Balance – September 30, 2018	75,690,889	15,584,326	1,312,338	1,477	192,110	29,865	(14,619,250)	2,500,866
Net comprehensive loss for the period	-	-	-	-	-	10,419	(2,438,957)	(2,428,538)
Shares issued for:								
Acquisition of assets (notes 5 and 14)	400,000	194,000	-	-	(192,110)	-	-	1,890
Debt settlement (note 14)	540,000	57,750	-	-	-	-	-	57,750
Financing costs (notes 12 and 14)	214,285	22,500	-	-	-	-	-	22,500
Shares repurchased (note 14)	(110,664)	(33,276)	-	-	-	-	-	(33,276)
Accrued financing fees (note 12)	-	-	-	-	10,000	-	-	10,000
Issuance of convertible notes (note 13)	-	-	-	88,729	-	-	-	88,729
Share-based payments (note 16)	-	-	266,832	-	-	-	-	266,832
Balance – June 30, 2019	76,734,510	15,825,300	1,579,170	90,206	10,000	40,284	(17,058,207)	486,753
Net comprehensive loss for the period	-	-	-	-	-	3,647	(985,990)	(982,343)
Shares issued for:								
Private placement (note 14)	4,000,000	480,000	320,000	-	-	-	-	800,000
Debt settlement (note 14)	1,000,000	95,000	-	-	-	-	-	95,000
Share issuance costs (note 14)	-	(64,000)	-	-	-	-	-	(64,000)
Shares repurchased (note 14)	(36,888)	(10,879)	-	-	-	-	-	(10,879)
Share-based payments (note 16)	-	-	18,051	-	-	-	-	18,051
Balance – September 30, 2019	81,697,622	$ 16,325,421	$ 1,917,221	$ 90,206	$ 10,000	$ 43,931	$ (18,044,197)	$ 342,582

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

1. Description of Business and Going Concern

CARL Data Solutions Inc. (ñ**CARL**ò or the ñ**Company**ò) was incorporated under the Business Corporations Act (British Columbia) on January 17, 2014. CARL is a developer of Big-Data-as-a-Service (ñ**BDaaS**ò)-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 (ñ**CSE**ò) (under the symbol: CRL), the Frankfurt Stock Exchange (under the symbol: 7C5) and the OTCQB (under the symbol: CDTAF). The head office and principal address of the Company is located at Suite 488 ï 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7. The Companyôs consolidated financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
Extend to Social Media Inc. (ñ**ETS**ò)	British Columbia	100%
FlowWorks Inc. (ñ**FlowWorks**ò)	Washington, USA	100%
Carl Data Solutions PL (ñ**Carl PL**ò)	Poland	100%
Astra Smart Systems Inc. (ñ**Astra**ò)	British Columbia	100%

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 consolidated 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 September 30, 2019, the Company had not achieved profitable operations, had accumulated a deficit of $18,044,197 since inception and expects to incur further operating losses in the development of its business. The Companyôs ability to continue as a going concern is dependent upon its 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 Companyôs 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 using accounting policies consistent with International Financial Reporting Standards (ñ**IFRS**ò) issued by the International Accounting Standards Board (ñ**IASB**ò) and Interpretations of the International Financial Reporting Interpretations Committee (ñ**IFRIC**ò).

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments 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.

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 revenues and expenses during the year. 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.

2. Basis of Preparation (continued)

Basis of Consolidation

These condensed consolidated financial statements include the financial statements of CARL and its controlled and wholly-owned subsidiaries ETS, FlowWorks, Astra, 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-ends to match the Companyφs year-end in the future. Astra historically maintained a fiscal year-end of July 31, which was changed post acquisition to June 30 to match the Companyφs year-end. 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 investorφs returns. Subsidiaries are included in the condensed consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

3. Significant Accounting Policies

Except for the adoption of IFRS 16, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended June 30, 2019 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

New standards and interpretations adopted

IFRS 16 Leases

The Company adopted IFRS 16 - Leases (ñIFRS 16ò) on July 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at July 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on July 1, 2019.

The following leases accounting policies have been applied as of July 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

3. Significant Accounting Policies (continued)

New standards and interpretations adopted (continued)

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

Impact of transition to IFRS 16:

Effective July 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for the year ended June 30, 2019 has not been restated. The cumulative effect of initial application is recognized in deficit at July 1, 2019. Comparative amounts for the year ended June 30, 2019 remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liabilities. Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at July 1, 2019. The incremental borrowing rate applied was 10% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company has two leases outstanding with remaining non-cancelable periods of 35 and 34 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $478,772 included within property, equipment, and right-of-use assets (Note 8) and lease liabilities (Note 11) with no net impact on deficit.

4. Significant Accounting Judgments and Estimates

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, ETS, and Astra 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 Companyǿs 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.

Presented in Canadian Dollars - unaudited

4. Significant Accounting Judgments and Estimates (continued)

Critical accounting estimates

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

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. 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 AB Embedded Assets

On November 30, 2017, the Company completed the acquisition of substantially all of the assets of 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 Companyǿs existing BDaaS solutions.

In exchange for AB Embeddedǿs 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, whereby AB Embedded will provide services to the Company for an indefinite term. On November 29, 2018 this contractor agreement was cancelled and replaced by a consulting agreement, which was terminated on February 15, 2019, ending any working relationship between Carl and AB Embedded. During the year ended June 30, 2019 the Company issued an additional 400,000 common shares valued at $194,000.

The acquisition of assets constitutes a business combination and the purchase price has 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
Electrical systems certification		23,500
Control system source code		56,000
	$	194,000

The property and equipment acquired is comprised of 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 control system source code relates to various pieces of source code for the development of the custom control systems and will be amortized over a 3-year term (note 9). The Company also acquired AB Embeddedǿs global production electrical systems certification, which will also be amortized over a 3-year term (note 9).

Presented in Canadian Dollars - unaudited

6. Accounts and Other Receivables

		September 30, 2019		June 30, 2019
Gross trade accounts receivable	$	447,315	$	356,658
Less: allowance for doubtful accounts		(11,365)		(2,759)
Net trade accounts receivable		435,950		353,899
GST receivable		13,920		13,600
	$	449,870	$	367,499

Reconciliation of allowance for doubtful accounts is as follows:

		September 30, 2019		June 30, 2019
Balance ï beginning of period	$	2,759	$	22,740
Change in provision		8,606		-
Recovery		-		(19,981)
Balance ï end of period	$	11,365	$	2,759

7. Digital Currencies

As at September 30, 2019, the Companyǫs digital currencies had a fair value of $396. Digital currencies are carried at their fair value determined using the closing spot price of the coin at the reporting date, based on prices available on www.cryptocompare.com. The Companyǫs holdings of digital currencies consist of the following:

		September 30, 2019		June 30, 2019
BitCoin	$	-	$	-
Ethereum		396		615
Dash		-		-
	$	396	$	615

The continuity of digital currencies was as follows:

		September 30, 2019		June 30, 2019
Balance ï beginning of the period	$	615	$	8,244
Digital currency mined		-		20,395
Digital currency sold		-		(18,983)
Digital currency written off		-		(11,413)
Revaluation adjustment		(219)		2,372
	$	396	$	615

The Company previously held digital currencies and cash with QuadrigaCX, a cryptrocurrency exchange that filed for bankruptcy during the year ended June 30, 2019. As the Company does not expect to recuperate these digital currencies, it has written off the value of digital currencies and cash held with QuadrigaCX at the time of bankruptcy of $11,413 and $530 respectively.

Presented in Canadian Dollars - unaudited

8. Property, Equipment, and Right-of-Use Assets

	Machinery and equipment	Computer equipment	Furniture and fixtures	Right-of-Use Assets	Digital currency processors	Total
Cost						
Balance ï June 30, 2018	$ 102,790	$ 10,506	$ 391,546	$ -	$ 250,000	$ 754,842
Additions	-	1,768	-	-	41,337	43,105
Balance ï June 30, 2019	102,790	12,274	391,546	-	291,337	797,947
Adoption of IFRS 16	-	-	-	478,772	-	478,772
Balance ï September 30, 2019	102,790	12,274	391,546	478,772	291,337	1,276,719
Accumulated Depreciation						
Balance ï June 30, 2018	17,911	1,831	2,707	-	30,822	53,271
Depreciation	25,463	2,735	77,768	-	119,923	225,889
Balance ï June 30, 2019	43,374	4,566	80,475	-	150,745	279,160
Depreciation	4,455	578	15,554	41,598	17,574	79,759
Balance ï September 30, 2019	47,829	5,144	96,029	41,598	168,319	358,919
Balance ï June 30, 2019	$ 59,416	$ 7,708	$ 311,071	$ -	$ 140,592	$ 518,787
Balance ï September 30, 2019	$ 54,961	$ 7,130	$ 295,517	$ 437,174	$ 123,018	$ 917,800

Presented in Canadian Dollars - unaudited

9. Intangible assets

	FlowWorks Software Application	FlowWorks Customer List	Electrical Systems Certification	Control System Source Code	Augmented Business Intelligence Software	Environmental Sensor Firmware	Preferential Lease	Total
Cost								
Balance ï June 30, 2018, June 30, 2019, and September 30, 2019	$ 675,234	$ 659,154	$ 23,500	$ 56,000	$ 540,697	$ 181,133	$ 1,079,994	$ 3,215,712
Accumulated Amortization								
Balance ï June 30, 2018	398,722	357,785	4,569	10,889	7,509	-	11,249	790,723
Amortization	140,637	134,802	7,833	18,667	180,232	-	269,998	752,169
Balance ï June 30, 2019	539,359	492,587	12,402	29,556	187,741	-	281,247	1,542,892
Amortization	23,967	33,606	1,958	4,667	45,058	5,031	67,500	181,787
Balance ï September 30, 2019	563,326	526,193	14,360	34,223	232,799	5,031	348,747	1,724,679
Cumulative Translation Adjustment								
Balance ï June 30, 2018	7,787	9,268	-	-	-	-	-	17,055
Foreign currency translation	138	(1,041)	-	-	-	-	-	(903)
Balance ï June 30, 2019	7,925	8,227	-	-	-	-	-	16,152
Foreign currency translation	-	1,918	-	-	-	-	-	1,918
Balance ï September 30, 2019	7,925	10,145	-	-	-	-	-	18,070
Balance ï June 30, 2019	$ 143,800	$ 174,794	$ 11,098	$ 26,444	$ 352,956	$ 181,133	$ 798,747	$ 1,688,972
Balance ï September 30, 2019	$ 119,833	$ 143,106	$ 9,140	$ 21,777	$ 307,898	$ 176,102	$ 731,247	$ 1,509,103

9. Intangible assets (continued)

ETS Software in Development

A total of $83,428 had 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. During the year ended June 30, 2018, the Company integrated the ETS software with the FlowWorks Software Application and accordingly reallocated the amount and began amortizing on a straight-line basis over 3 years.

FlowWorks Software Application

The software application relates to the web-based application acquired with FlowWorks. During the year ended June 30, 2018, the integration of the ETS Software in Development was completed and $287,600 was reallocated to the FlowWorks Software Application.

FlowWorks 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, with approximately 1.00 years remaining unamortized.

Electrical Systems Certification

The electrical systems certification comprise the fair value of AB Embeddedós global production electrical systems certification acquired during the year ended June 30, 2018 (note 5). The asset is a finite life asset and is being amortized over a 3-year term, with approximately 1.25 years remaining unamortized.

Control System Source Code

The control system source code relates to the fair value of various pieces of source code for the development of the custom control systems acquired during the year ended June 30, 2018 (note 5). The asset is a finite life asset and is being amortized over a 3-year term, with approximately 1.25 years remaining unamortized.

Augmented Business Intelligence Software

The Augmented Business Intelligence Software relates to the fair value of the big data analytics software and code obtained on the acquisition of Astra during the year ended June 30, 2018. The asset is a finite life asset and is being amortized over a 3-year term, with approximately 1.75 years remaining unamortized.

Environmental Sensor Firmware

The Environmental Sensor Firmware relates to the fair value of the source code for the environmental sensor firmware obtained on the acquisition of Astra during the year ended June 30, 2018. The asset is a finite life asset and is being amortized over a 3-year term, with approximately 2.75 years remaining unamortized, as these assets were not put into use until during the period ended September 30, 2019.

Preferential Lease

The preferential lease relates to the fair value of a favourable sublease agreement obtained on the acquisition of Astra during the year ended June 30, 2018. The agreement includes discounted office, data hosting, and manufacturing space in Astraós facility in Trail, BC along with guaranteed access to the significant volumes of power required for the operation of a data hosting facility at favourable rates. The asset is a finite life asset and is being amortized over a 4-year term, with approximately 2.75 years remaining unamortized.

Presented in Canadian Dollars - unaudited

10. Accounts Payable and Accrued Liabilities

		September 30, 2019		June 30, 2019
Trade accounts payable	$	720,434	$	672,818
Due to related parties (note 19)		179,562		310,955
Accrued liabilities		89,020		165,795
	$	810,976	$	1,149,568

11. Lease Liabilities

Pursuant to the adoption of IFRS 16 (Note 3), the Company has recognized the impact of lease obligations as of June 30, 2019:

		Payments
Future aggregate minimum lease payments as of June 30, 2019	$	550,478
Effect of discounting at the incremental borrowing rate		(71,706)
Total lease liabilities on application of IFRS 16 as at July 1, 2019	$	478,772

Lease liabilities		
Balance, July 1, 2019	$	478,772
Lease accretion		11,492
Lease payments		(31,032)
Balance, September 30, 2019		459,232
Current lease liabilities		(160,385)
Non-current lease liabilities	$	298,847

12. Loans Payable

		September 30, 2019		June 30, 2019
Balance ï beginning of year	$	744,701	$	604,000
Advances of loans		30,000		970,000
Interest and fees accrued		20,231		86,765
Repayments ï cash		(4,892)		(616,064)
Settlements ï convertible debenture issued (note 13)		-		(300,000)
Balance ï end of year		790,130		744,701
Current portion		(565,130)		(519,701)
Non - current portion	$	225,000	$	225,000

12. Loans Payable (continued)

During the three-month period ended September 30, 2019, the Company entered into one unsecured loan agreement with an armụs-length party on July 3, 2019 in the amount of $30,000. In connection with the loan, the Company must pay 20% simple interest per annum.

During the year ended June 30, 2019, the Company entered into the following unsecured loan agreements:

a) $300,000 was received from an armụs-length party with a maturity date of September 13, 2018. In connection with the loan, the Company agreed to pay interest of $15,000 and issue 214,285 common shares on maturity (issued). Additional interest is payable on the loan amount at the rate of $15,000 for any and every part of 59 days that the loan is outstanding after the maturity. The Company settled the principal of $300,000 during the period ended September 30, 2019 through the issuance of a convertible note in the same amount (note 13). As at September 30, 2019, interest payable of $41,695 remains included in the balance of loans payable;

b) $100,000 was received from an armụs-length party with a maturity date of January 26, 2019. In connection with the loan the Company agreed to pay a transaction fee of $5,000 and issue 64,516 common shares. Since the loan was not repaid by January 26, 2019, interest of 13% per annum is accruing on the principal amount of $100,000. As at September 30, 2019, $10,000 relating to the common shares has been accrued as a commitment to issue shares and $5,000 in transaction fees has been included in the balance of loans payable;

c) $50,000 was received from an armụs-length party, repayable on demand and non-interest bearing;

d) $90,000 was received from two directors of the Company with maturity dates of January 31, 2019. In connection with the loans, the Company pays 20% simple interest per annum. As at September 30, 2019, the loans remain payable with accrued interest;

e) $225,000 was received from an armụs-length party on December 3, 2018 bearing interest of prime plus 2.5% on a monthly basis. After 24 months, the Company will make monthly payments over 60 months inclusive of principal and interest component;

f) an aggregate of $205,000 received from three loans with an armụs-length party all with maturities of December 31, 2019 bearing interest at a rate of 15% per annum.

13. Convertible Notes

During the year ended June 30, 2016, the Company completed a senior secured collateralized convertible note (ñNoteò) 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.

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 holderụs 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.

13. Convertible Notes (continued)

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 September 30, 2019 $150,455 (June 30, 2019 ï $150,455) 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.

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 in the consolidated statement of 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 Companyọs 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 year ended June 30, 2018, all future royalties, valued at $291,022, were settled by issuance of 1,119,316 common shares. On June 29, 2018, the Company made repayments of $475,000 and entered into an amending agreement with the issuer whereby the maturity date was extended to December 31, 2019 allowing the Company to purchase an additional $1,000,000 subject to the same terms as the existing facility. As consideration for the extension, the Company issued 750,000 common share purchase warrants with an exercise price of $0.25 and life of two years. The fair value of the warrants was estimated to be $37,516 using the Black-Scholes option pricing model with a volatility of 97.96%, expected life of 2 years, risk free rate of 1.91% and dividend rate of 0% and is included in prepaid expenses as at September 30, 2019.

On the repayment of $475,000 on June 28, 2018, the Company reclassified $76,819 relating to the equity component of the settled notes from equity conversion feature on convertible note to reserves. As at September 30, 2019, the Company has not initiated any further issuances of the convertible notes from this facility. Subsequent to the period ended September 30, 2019, the Company closed the facility by repaying the final $10,000 owing.

Separate from the above noted credit facility, during the year ended June 30, 2019, the Company issued the following convertible notes directly:

a) $300,000, bearing interest at a rate of 12% per annum and maturing on December 24, 2019. The principal and interest, at the option of the holder, will be convertible into common shares of the Company at a conversion price of $0.15 per common share. The Company allocated $41,538 to the equity component of the note;

b) $300,000 in settlement of loans payable (note 12), bearing interest at a rate of 12% per annum and maturing on December 27, 2019. The principal and interest, at the option of the holder, will be convertible into common shares of the Company at a conversion price of $0.15 per common share. The Company allocated $41,539 to the equity component of the note;

c) $70,000, bearing interest at a rate of 10% per annum and maturing on July 28, 2019. The principal and interest, at the option of the holder, will be convertible into common shares of the Company at a conversion price of $0.15 per common share. The Company allocated $3,043 to the equity component of the note. Subsequent to the period ended September 30, 2019 the noteọs maturity was extended to October 28, 2019

d) $60,000, bearing interest at a rate of 10% per annum and maturing on July 28, 2019. The principal and interest, at the option of the holder, will be convertible into common shares of the Company at a conversion price of $0.15 per common share. The Company allocated $2,609 to the equity component of the note. Subsequent to the period ended September 30, 2019 the noteọs maturity was extended to October 28, 2019

Presented in Canadian Dollars - unaudited

13. Convertible Notes (continued)

		September 30, 2019		June 30, 2019
Balance, beginning of period	$	741,002	$	10,000
Additions		-		730,000
Equity component of additions		-		(88,729)
Accretion of convertible note		43,468		89,751
Repayment of convertible note		-		-
Balance, end of year		784,490		741,022
Current portion		784,490		741,022
Long-term portion	$	-	$	-
Convertible note, equity component, end of period	$	90,206	$	90,206
Face value of notes at maturity	$	815,000	$	815,000

During the period ended September 30, 2019, the Company received funds of $250,000 in advance relating to a convertible note issuance that has not yet closed. The notes will have a maturity of one year from issuance, bear interest at 12% and be convertible at $0.30. As at the date of this report, the transaction has not closed, and the notes have not been issued

14. Share Capital

(a) Authorized Share Capital

As at September 30, 2019, 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 September 30, 2019, share activity was as follows:

(i) On July 11, 2019, the Company repurchased and returned to treasury 36,888 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with a former dissenting shareholder and recognized a decrease to share capital of $10,879.

(ii) On July 30, 2019, the Company issued 1,000,000 common shares with a fair value of $0.095 per common share to settle accounts payable and accrued liabilities of $100,000. The Company recognized a gain of $5,000 on the settlement.

(iii) On August 14, 2019, the Company closed a private placement by issuing 4,000,000 common share units (each, a ñUnitò) at a price of $0.20 per Unit for gross proceeds of $800,000. Each Unit consisted of one common share and one-half of one common share purchase warrant, with each full warrant exercisable for a period of two years at a price of $0.50. The Company allocated $480,000 to share capital for the common shares with the residual value of $320,000 for the warrants to reserves. In connection with the private placement, the Company paid a finderôs fee of $64,000.

During the year ended June 30, 2019, share activity was as follows:

(i) On August 31, 2018, the Company repurchased and returned to treasury 184,440 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with the former dissenting shareholder and recognized a decrease to share capital of $54,010.

(ii) On October 22, 2018, the Company issued 330,000 common shares at a price of $0.105 per common share, for a total value of $34,650, to settle accounts payable with a director of $33,000. The Company recognized a loss of $1,650 on the settlement.

Presented in Canadian Dollars - unaudited

14. Share Capital (continued)

(b) Issued Share Capital (continued)

(iii) On October 22, 2018, the Company issued 214,285 common shares at a price of $0.105 per common share, for a total value of $22,500, to settle finance fees on a short-term loan (note 12) previously accrued at $30,000. The Company recognized a gain of $7,500 on the settlement.

(iv) On November 30, 2018, the Company issued 400,000 common shares at a price of $0.485 per common share, for a total value of $194,000, as required per the acquisition of the AB Embedded assets (note 5).

(v) On December 19, 2018, the Company repurchased and returned to treasury 36,888 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with a former dissenting shareholder and recognized a decrease to share capital of $11,143.

(vi) On January 14, 2019, the Company repurchased and returned to treasury 36,888 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with a former dissenting shareholder and recognized a decrease to share capital of $11,017.

(vii) On February 20, 2019, the Company issued 210,000 common shares at a price of $0.11 per common share, for a total value of $23,100, to settle accounts payable with a director of $31,500. The Company recognized a gain of $8,400 on the settlement.

(viii) On April 24, 2019, the Company repurchased and returned to treasury 36,888 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with a former dissenting shareholder and recognized a decrease to share capital of $11,116.

As at September 30, 2019 a total of 112,452 (June 30, 2019 ï 149,340) common shares remain in escrow.

15. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted average exercise price	Number of warrants
Balance - June 30, 2018	$0.39	27,650,834
Expired	$0.60	(1,450,000)
Balance - June 30, 2019	$0.39	26,200,834
Granted	$0.50	2,000,000
Expired	$0.40	(5,950,430)
Balance ï September 30, 2019	$0.40	22,250,404

The expiry of findersô and share purchase warrants are as follows:

	Exercise price	Number of warrants	Expiry date
Share purchase warrants	$0.40	1,924,592	October 25, 2019*
Unit finderôs warrants(1)	$0.33	45,560	October 25, 2019*
Share purchase warrants	$0.40	6,486,921	November 27, 2019*
Finderôs warrants	$0.40	1,000	November 27, 2019*
Share purchase warrants	$0.40	11,042,331	January 5, 2020
Share purchase warrants	$0.25	750,000	June 29, 2020
Share purchase warrants	$0.50	2,000,000	August 14, 2021
		22,250,404	

(1) Each unit finderôs warrant includes the right to acquire one common share of the Company and one additional warrant exercisable at a price of $0.40.
* Subsequent to the period ended September 30, 2019 these warrants expired unexercised.

Presented in Canadian Dollars - unaudited

16. 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 Options
Balance ï June 30, 2018	$0.27	7,118,425
Expired / Cancelled	$0.40	(2,194,786)
Granted	$0.14	3,995,247
Balance ï June 30, 2019	$0.18	8,918,886
Cancelled	$0.17	(123,000)
Balance ï September 30, 2019	$0.18	8,795,886

Incentive share options outstanding and exercisable September 30, 2019 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	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	0.31 years	$0.11	363,637	$0.11
$0.26	2,085,002	0.27 years	$0.26	2,085,002	$0.26
$0.19	100,000	1.57 years	$0.19	100,000	$0.19
$0.19	1,325,000	2.57 years	$0.19	1,325,000	$0.19
$0.16	1,000,000	2.69 years	$0.16	1,000,000	$0.16
$0.14	3,922,247	3.04 years	$0.14	2,941,685	$0.14
	8,795,886		$0.18	7,815,324	$0.18

The Company did not grant any options during the periods ended September 30, 2019 or 2018. Total share-based payments recognized in profit or loss and the statement of shareholdersô equity for the period ended September 30, 2019 were $18,051 (2018 - $18,829) for incentive options vested.

17. Management of Capital

The capital managed by the Company includes the components of shareholdersô equity as described in the condensed consolidated interim statements of changes in shareholdersô equity. The Company is not subject to externally imposed capital requirements.

The Companyôs 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 Companyôs overall strategy with respect to management of capital at September 30, 2019 remains fundamentally unchanged from the year ended June 30, 2019.

Presented in Canadian Dollars - unaudited

18. Supplemental Cash Flow Information

During the period ended September 30, 2019, the Company:

a) Recognized an increase to right-of-use assets and lease liabilities of $478,772 on adoption of IFRS 16; and
b) issued 1,000,000 common shares at a price of $0.095 per common shares, for a total of $95,000, to settle accounts payable and accrued liabilities of $100,000.

During the period ended September 30, 2018, the Company:

a) used $1,787 worth of digital currencies to settle accounts payable and accrued liabilities.

19. Related Party Transactions

The Company had previously 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 paid the company a total of $11,667 per month. Effective July 1, 2019, the Company replaced this agreement with an employment agreement directly with the President and CEO. Under the terms of the employment agreement, the Company will pay a monthly salary of $13,400.

During the period ended September 30, 2019, the Company paid or accrued, to key management personnel and their related companies:

	Payroll	Consulting Fees	Share-based payments	Total
Chief Executive Officer	$ 40,200	$ -	$ 4,518	$ 44,718
Chief Financial Officer	-	17,000	-	17,000
Non-executive Directors	-	-	4,822	4,822
Total	$ 40,200	$ 17,000	$ 9,340	$ 66,540

During the period ended September 30, 2018, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Chief Executive Officer	$ 35,000	$ 661	$ 35,661
Former Chief Financial Officer	27,000	-	27,000
Non-executive Directors	33,000	3,008	36,008
Total	$ 95,000	$ 3,669	$ 98,669

Included in accounts payable and accrued liabilities is $179,562 (June 30, 2019 - $241,805) due to officers, directors, and a former officer of the Company.

On June 9, 2014, ETS signed a referral services agreement with RA Revenue Automation Inc. (ñRAò) 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 Companyǿs CEO owns 10% of RA. Revenue of $24,150 (2018 - $24,150) recorded in profit or loss is from RA. As at September 30, 2019, $42,263 (June 30, 2019 - $33,810) was owed from RA.

Kerr Wood Leidal Associates Ltd. ("KWL")

KWL, a consulting engineering company, founded and created FlowWorks and is related through a director of the Company. During the period ended September 30, 2019, the Company earned sales revenue from KWL of $30,875 (2018 ï $29,000) and incurred expenses from KWL of $8,212 (2018 ï $8,847). Included in accounts receivable as at September 30, 2019 is a balance owing from KWL of $31,957 (June 30, 2019 - $30,030).

Presented in Canadian Dollars - unaudited

20. Financial Risk Management

Fair value of financial instruments

The Company measures the fair value of its financial instruments according to a fair value hierarchy based on the significance of observable inputs used to value the instrument as follows:

Å Level 1 ï Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Å Level 2 ï Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Å Level 3 ï Unobservable inputs for the asset or liability.

The Companyôs financial instruments consisting of accounts and other receivables, accounts payable and accrued liabilities, loans payable, and convertible notes are classified as amortized cost. The carrying values of these financial instruments approximate their fair values because of their nature and/or relatively short maturity dates or durations.

Cash is classified as being at FVTPL. The fair value of cash as recorded in the condensed consolidated interim statements of financial position is measured in accordance with Level 1 of the fair value hierarchy.

Financial and capital risk management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk. These risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Companyôs risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Companyôs competitiveness and flexibility. Discussions of risks associated with financial assets and liabilities are detailed below:

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. At September 30, 2019 and 2018, the Company was not subject to significant market risk, except as noted below.

Foreign currency risk

As at September 30, 2019 the Canadian dollar equivalent carrying values of the financial assets and liabilities denominated in foreign balances are as follows:

	US Dollars		Polish Zloty	
September 30,	**2019**	**2018**	**2019**	**2018**
Financial Assets				
Cash	$ 24,198	$ 14,852	$ 18,561	$ 166
Accounts receivable	271,110	86,495	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	$ 69,281	$ 96,372	$ 27,356	$ 51,695

The Companyôs subsidiary, FlowWorks, operates in the United States which, from the perspective of the Company, creates currency risk associated with those operations. For the period ended September 30, 2019, FlowWorks has revenue of $304,593 (2018 - $248,933) (Canadian dollar equivalent). A 10% change in the foreign exchange rate would result in a $30,000 (2018 - $25,000) (Canadian dollar equivalent) change in profit or loss.

Presented in Canadian Dollars - unaudited

20. Financial Risk Management (continued)

Financial and capital risk management (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Companyøs interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At September 30, 2019 and June 30, 2019, the Company was subject to interest rate risk with respect to its loans payable, some of which bear interest at a fixed rate and others are non-interest bearing, and convertible note, which bears interest at a fixed rate.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Companyøs maximum exposure to credit risk at the reporting date is the carrying value of cash and accounts and other receivables. The Company holds cash at a major Canadian chartered bank in a chequing account, a Washington State, USA bank, and a Polish bank.

The Company is exposed to credit risk on its trade accounts receivable. The Companyøs credit risk for accounts receivable is concentrated as 44% of its trades account receivable is owing from four customers (2018 ï 43% from three customers), with more than 10% owing from two of those customers (2018 ï one).

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily based on days past due. The Company has assessed expected credit losses based on 20% of its trade accounts receivables aged past 90 days and has estimated expected credit losses at September 30, 2019 of $11,365 (June 30, 2019 - $2,759).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital and operating needs. The Companyøs accounts payable are due within 30 to 60 days. The maturities of convertible note and loans payable are disclosed in notes 13 and 12, respectively. The Company has limited working capital at September 30, 2019 and will need to raise further financing to meet its financial obligations.

21. Segmented Information

The Company operates in three reportable segments, comprised of data services, data hosting, and digital currency verification, for which information is regularly reviewed by the Companyøs President and CEO, being the chief operating decision-maker. 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 customersô location for the periods ended September 30, 2019 and 2018:

		2019		2018
Revenue				
Canada	$	328,527	$	358,162
United States		135,820		108,300
	$	464,347	$	466,462

Presented in Canadian Dollars - unaudited

21. Segmented Information (continued)

The following is a breakdown of the Companyòs revenues based upon reportable segment for the periods ended September 30, 2019 and 2018:

		2019		2018
Revenue				
Data services	$	343,220	$	273,083
Data hosting		121,127		189,000
Digital currency verification		-		4,379
	$	464,347	$	466,462

22. Subsequent Events

Other than items disclosed elsewhere in the condensed consolidated interim financial statements, subsequent to September 30, 2019, the Company:

a) repurchased and returned to treasury 36,888 common shares at a price of US$0.225 per share pursuant to a settlement agreement entered with a former dissenting shareholder;

b) received additional subscriptions for $50,000 in convertible notes. The notes will have a maturity of one year from issuance, bear interest at 12% and be convertible at $0.30. As at the date of this report, the transaction has not closed, and the notes have not been issued;

c) completed the acquisition of 100% of the outstanding shares of i4C Innovation Centre Inc. (ñ**i4C**ò), a technology integration and collaboration company that holds the lease for the data center and sensor manufacturing facility for IIOT devices that Astra occupies. Pursuant to the share exchange agreement Carl issued 500,000 common shares to the sole shareholder of i4C and issued 210,000 common shares to an individual in settlement of a debt of $10,000 owing by Astra and $32,000 owing by i4C. The Company performed an analysis and determined that the acquisition did not constitute a business combination under IFRS 3; and

d) Pursuant to a consulting agreement, granted to the consultant, 500,000 options with an exercise price of $0.20 per share and an expiry date of November 1, 2021.