

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)
Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2018
(Unaudited)

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Financial Position

(Canadian dollars)

	Note	September 30, 2018	December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents	8	\$ 8,215,958	\$ 7,534,383
Accounts receivable and accrued income		808,101	-
Income tax recoverable		58,272	426,586
Investments at fair value – current portion	9	1,487,249	1,098,650
Prepaid expenses and other receivables		1,626,487	137,124
Total Current Assets		12,196,067	9,196,743
Non-Current Assets			
Property and equipment		245,558	288,916
Other receivables		501,426	-
Deferred tax asset	12	8,503,649	8,716,397
Equity-accounted investments	10	-	-
Intangible assets	11	12,524,917	-
Investments at fair value – non-current portion	9	25,774,818	21,190,507
Total Non-Current Assets		47,550,368	30,195,820
Total Assets		\$ 59,746,435	\$ 39,392,563
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 2,812,196	\$ 644,664
Deferred fee income – current portion		200,000	-
Provisions – current portion	13	481,688	-
Prepaid royalty payment income		53,601	251,872
Finance lease liability		3,813	3,560
Total Current Liabilities		3,551,298	900,096
Non-Current Liabilities			
Finance lease liability		-	3,941
Deferred fee income – non-current portion		600,000	-
Provisions – non-current portion	13	1,643,984	-
Convertible debentures	14	20,409,202	16,330,486
Total Non-Current Liabilities		22,653,186	16,334,427
Shareholders' Equity (Note 15)			
Share capital		\$ 55,517,787	\$ 50,261,640
Warrants		486,624	-
Contributed surplus		1,179,336	1,010,960
Equity component of convertible debentures	14	558,831	558,831
Accumulated other comprehensive income		(16,071)	-
Accumulated deficit		(24,184,556)	(29,673,391)
Total Shareholders' Equity		33,541,951	22,158,040
Total Liability and Shareholders' Equity		\$ 59,746,435	\$ 39,392,563

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on October 31, 2018:

“Vernon Lobo”
Vernon Lobo, Director

“Alan Torrie”
Alan Torrie, Director

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenues					
Income from investments at fair value					
Royalty and loan payment income	16	\$ 1,213,968	\$ 1,187,141	\$ 3,388,287	\$ 3,559,678
Foreign exchange (loss) gain	16	(245,889)	(690,206)	138,680	(1,903,384)
Realized gain (loss) from sale of investments	16	(225,557)	-	299,643	3,000,000
Realized loss from investments written-off	16	(2,675,784)	-	(8,104,697)	(7,294,269)
Adjustments to fair value	16	2,271,878	(1,747,551)	7,364,387	(5,090,591)
Unrealized gain from investment derecognized		-	-	-	922,284
Income (loss) from investments at fair value		338,616	(1,250,616)	3,086,299	(6,806,282)
Other income					
Share of joint venture profit, net of tax	10	(1,982)	-	11,706	(128)
Consulting and license fee income	16	5,259	6,218	1,422,046	13,860
Other fee income	16	800,476	-	996,308	-
Other interest income	16	27,771	21,777	69,166	60,261
Total Revenues		1,170,140	(1,222,621)	5,585,526	(6,732,289)
Operating Expenses					
Salaries, benefits and staffing costs	17	\$ 411,804	\$ 319,901	\$ 1,022,105	\$ 1,014,283
Restructuring costs		50,000	-	706,250	-
Management and facility fees		11,848	41,640	57,175	121,039
Share-based compensation	18	52,520	67,309	168,376	225,069
Depreciation and amortization		430,957	9,402	589,487	27,951
Professional fees		234,810	183,331	991,657	1,090,468
Office and general administrative		257,219	91,351	590,543	288,224
Total Operating Expenses		1,449,158	712,934	4,125,593	2,767,034
Operating Profit (Loss)		\$ (279,018)	\$ (1,935,555)	\$ 1,459,933	\$ (9,499,323)
Bargain purchase (gain)	5	-	-	(5,459,147)	-
Financing expense	14	637,004	438,467	1,587,791	1,316,934
Profit (Loss) before income taxes		(916,022)	(2,374,022)	5,331,289	(10,816,257)
Income Taxes					
Current income tax expense (recovery)	12	\$ (156,630)	\$ 294,981	\$ (130,462)	\$ 350,291
Deferred tax expense (recovery)	12	(259,986)	(905,935)	(27,084)	(3,154,988)
Total Income Tax Expense (Recovery)		\$ (416,616)	\$ (610,954)	\$ (157,546)	\$ (2,804,697)
Net Profit (Loss)		\$ (499,406)	\$ (1,763,068)	\$ 5,488,835	\$ (8,011,560)
Other comprehensive income					
Foreign currency translation reserve		(27,544)	-	(16,071)	-
Total Comprehensive Income (Loss)		\$ (526,950)	\$ (1,763,068)	\$ 5,472,764	\$ (8,011,560)
Earnings/(Loss) per share (Note 19)					
Basic earnings/(loss) per share		\$ (0.0057)	\$ (0.0166)	\$ 0.0800	\$ (0.0754)
Diluted earnings/(loss) per share		\$ (0.0057)	\$ (0.0166)	\$ 0.0793	\$ (0.0754)

See accompanying notes to financial statements.

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Number of shares	Note	Share capital	Accumulated other comprehensive income	Warrants	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, January 1, 2017	106,293,543		\$ 50,260,965	\$ -	\$ -	\$ 719,046	\$ 558,831	\$(18,321,968)	\$ 33,216,874
Stock options exercised	24,113		675	-	-	-	-	-	675
Share-based compensation	-	18	-	-	-	225,069	-	-	225,069
Comprehensive loss for the period	-		-	-	-	-	-	(8,011,560)	(8,011,560)
Balance, September 30, 2017	106,317,656		\$ 50,261,640	\$ -	\$ -	\$ 944,116	\$ -	\$(26,333,528)	\$ 25,431,059
Balance, January 1, 2018			\$ 50,261,640	\$ -	\$ -	\$ 1,010,960	\$ 558,831	\$(29,673,391)	\$ 22,158,1303
Stock options exercised	26,042		1,400	-	-	-	-	-	1,400
Consideration for reverse acquisition	55,397,030	5	4,910,671	-	-	-	-	-	4,910,671
Common shares issued	5,032,689	15	404,278	-	486,624	-	-	-	890,902
Share-based compensation	-	18	-	-	-	168,376	-	-	168,376
Treasury shares	(360,500)	15	(60,202)	-	-	-	-	-	(60,202)
Foreign currency translation	-		-	(16,071)	-	-	-	-	(16,071)
Net profit for the period	-		-	-	-	-	-	5,488,835	5,488,835
Balance, September 30, 2018	87,376,764		\$ 55,517,787	\$ (16,071)	\$ 486,624	\$ 1,179,336	\$ 558,831	\$(24,184,556)	\$ 33,541,951

See accompanying notes to financial statements.

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash flows from operating activities					
Profit/(Loss) before income taxes		\$ (916,022)	\$ (2,374,021)	\$ 5,331,289	\$ (10,816,257)
<i>Adjustments for non-cash items</i>					
Share-based compensation	18	52,520	67,309	168,376	225,069
Bargain purchase gain	5	-	-	(5,459,147)	-
Amortization of intangible asset		406,250	-	514,583	-
Share-based consulting fee income	16	-	-	(1,390,906)	-
Share of Joint venture loss (profit)	10	13,688	-	-	128
Depreciation		24,770	9,400	74,967	27,953
Provision release		(106,033)	-	(63,187)	-
Amortization of deferred fee income		(50,000)	-	(141,377)	-
<i>Adjustments relating to investments at fair value</i>					
Unrealized foreign exchange loss (gain)	16	236,060	679,815	(100,065)	1,903,127
Adjustments to fair value	16	(2,271,878)	1,747,551	(7,364,386)	5,090,591
Unrealized gain from investment derecognized		-	-	-	(922,284)
Realized loss on investments written-off	16	2,675,784	-	8,104,696	7,294,269
New investments and loan advances	9	(2,700,223)	(428,025)	(5,746,107)	(4,222,683)
Sale and redemption of investments	9	1,036,558	31,000	1,587,869	2,225,055
<i>Other Adjustments</i>					
Financing expense	14	637,004	438,467	1,587,791	1,316,934
Income tax (paid) recovery		595,718	238,201	573,585	(3,169)
Changes in working capital items	21	(398,986)	237,528	(427,123)	1,003,005
Net Cash Flows generated from (used in) Operating Activities		(764,790)	647,225	(2,749,142)	3,121,738
Cash flows from financing activities					
Exercise of stock options		\$ 1,400	\$ -	\$ 1,400	\$ 675
Issue of shares for reverse acquisition	5	-	-	4,910,671	-
Other receivables		(501,426)	-	(501,426)	-
Common shares repurchased for treasury		(60,202)	-	(60,202)	-
Convertible debentures redeemed		(50,000)	-	(50,000)	-
Finance lease payments		(677)	(814)	(3,688)	(3,575)
Debenture interest paid	14	-	-	(872,475)	(690,000)
Issue of common shares	15	(2,318)	-	890,902	-
Net Cash flows from Financing Activities		(616,223)	(814)	4,315,182	(692,900)
Cash flows from investing activity					
Reverse acquisition net of cash acquired	5	\$ -	\$ -	\$ (811,857)	\$ -
Addition to intangible asset		(39,500)	-	(39,500)	-
Purchase of property and equipment		-	(19,776)	(33,108)	(19,776)
Net Cash flows from Investing Activities		(39,500)	(19,776)	(884,465)	(19,776)
Net increase in cash during the period		(1,420,313)	626,635	681,575	2,409,062
Cash and cash equivalents, beginning of period		9,636,271	7,984,839	7,534,383	6,202,412
Cash and cash equivalents, end of period		8 \$ 8,215,958	\$ 8,611,474	\$ 8,215,958	\$ 8,611,474

See accompanying notes to financial statements.

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the nine months ended September 30, 2018

1. Corporate information and reporting entity

Flow Capital Corp. ("Flow Capital", or "the Company") is a company under the jurisdiction of the laws of the Province of British Columbia, Canada, and is domiciled in Canada. Flow Capital resulted from a Plan of Arrangement made under Division 5 of Part 9 of the Business Corporations Act (British Columbia) as set out in the Arrangement Agreement between LOGiQ Asset Management Inc. ("LOGiQ") and Grenville Strategic Royalty Corp. ("Grenville") dated March 11, 2018. The Plan of Arrangement closed on June 7, 2018. On the same date, LOGiQ and Grenville amalgamated as one corporate entity and the corporate entity was named Flow Capital. As described in Note 5, the transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations with Grenville being the accounting acquirer. The transactions and balances of LOGiQ, the legal parent, and its other subsidiaries, are included in these consolidated financial statements from the effective date of the acquisition, being June 7, 2018, accordingly, the comparative figures include only the results of Grenville. The common shares of the Company are traded on the TSX Venture Exchange under the symbol FW. The registered and records office of the Company is Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

The following is a summary of the list of material subsidiaries:

Legal name	Legal status	Ownership interest %
Flow Capital US Corp.	Subsidiary of Flow Capital	100
Grenville Corporation	Subsidiary of Flow Capital	100
LOGiQ Asset Management Inc.	Subsidiary of Flow Capital	100
LOGiQ Capital 2016	Subsidiary of Flow Capital	100
LOGiQ Capital Partners Inc.	Subsidiary of Flow Capital	51
Tuscarora Capital Inc.	Subsidiary of Flow Capital	100

2. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and investments at fair value that have been measured at fair value. The functional and presentation currency is the Canadian dollar. Amounts are stated in and recorded to the nearest Canadian dollar except where otherwise indicated.

The Company changed how revenues are presented in the Statements of Comprehensive Income starting in the current financial year. Revenues are now presented in two categories, income relating to investments at fair value and other income, as management believes that this presentation aligns with the business model of the Company. The change in presentation was also reflected in the reported amounts for prior periods. These reclassifications had no effect on the Company's results or the presentation of net profit (loss), total comprehensive income (loss), total assets or shareholders' equity.

Prior to June 7, 2018, the Company revenues were generated solely from financial instruments and IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") was not expected to be in scope. As described in note 5, certain assets were acquired during the three months ended June 30, 2018 that generate fees from revenue generating contracts that fall under the scope of IFRS 15. The Company recognizes fees as revenue when earned.

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's 2017 audited annual consolidated financial statements and accompanying notes.

The financial statements were approved and authorized by the Board of Directors on October 31, 2018.

3. Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Business Combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These

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valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the earnings multiplier applied.

Royalty agreements acquired

The terms of the royalty agreements entered into by the Company provide that payments to be made by investee companies are fixed or determinable. In addition, each of the Company's royalty agreements contains one or more of the following terms: (i) a right in favour of the investee company to buydown or buyout part or all of the Company's royalty in exchange for a principal payment that, when combined with royalty payments made to the date of the buydown or buyout, exceed the value of the Company's initial investment; and (ii) the payment of a minimum monthly royalty payment by the investee company, which provides the Company with certainty of payment over time. As a result, the Company has concluded that it is highly probable (which it defines as a probability equal to or exceeding 75%) that it will collect greater than 85% of its initial investment under each royalty agreement.

For the royalty agreements acquired, the term of the agreement is normally perpetual, and the royalty amount received can be dependent on the revenues of the investee. The term of the royalty agreement can also be influenced by the termination of the royalty agreement subsequent to a contract buyout event. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received. The Company is primarily focused on building a portfolio of investee companies that have carried on business for a number of years and have a demonstrable history of revenues. This enables the Company to use historical revenues as the starting base for estimating expected cash flows from an investment. Those royalty agreements that contain a provision requiring an investee company to make a minimum monthly royalty payment provide the Company with a strong indication of what expected cash flows under the royalty agreement should be over time. In addition to historical revenues of investee companies, the Company also considers other factors, such as external market factors, future performance and industry performance, in estimating expected cash flows from an investment.

Royalty agreements acquired and promissory notes receivable and measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company has established a control framework with respect to the measurement of fair values. This includes that all significant fair value measurements have been reviewed and approved by the Investment Committee of the Company. The Investment Committee reviews on a quarterly basis, significant unobservable inputs and valuation adjustments used in the fair value measurement of royalty agreements acquired and promissory notes. Fair values are categorized into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Further information about the assumptions made in measuring fair values for financial instruments are included in Note 6.

Fair value of stock options and warrants

Determining the fair value of stock options and warrants requires judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The recognition of deferred income tax assets and liabilities requires estimates and significant judgements about future events such as future taxable profits based on the information available at the reporting date. For each reporting period, the income tax and deferred tax provision reflects our best estimate based on the information available at the reporting date. To the extent that our estimate of tax provisions or the realization of deferred tax assets or liabilities are not as expected, the provision for income taxes may increase or decrease in the future to reflect the actual experience.

4. Standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have a material impact on the Company's financial statements.

The IASB has and will issue a collection of amendments as part of its annual project "Improvements to IFRSs". The amendments address details of the recognition, measurement, and disclosure of business transactions and serve to standardize terminology. They consist mainly of editorial changes to existing standards. Except as otherwise specified, the amendments, which have not yet been endorsed, are to be applied for annual periods beginning on or after January 1, 2017. They will not have a material impact on the presentation of the Company's financial position or results of operations.

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In January 2016, the IASB issued IFRS 16 *Leases*, which addresses the accounting, classification and measurement for all types of leases for both lessors and lessees. The application date of the new standard is January 1, 2019 and early adoption is possible. The Company has commenced the assessment of the impact of the new standard on the Company's lease agreements.

5. Business acquisition

Reverse acquisition of LOGiQ Asset Management Inc.

On March 12, 2018, Grenville and LOGiQ announced that they had entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which LOGiQ had agreed to acquire all of the issued and outstanding common shares of Grenville on the basis of 6.25 common shares of LOGiQ for each outstanding Grenville Share (the "**Transaction**"). The purpose of the Transaction was to provide scale to the existing business to allow both businesses to grow and enhance shareholder value. The Transaction was completed on June 7, 2018, with the pre-transaction owners of LOGiQ holding approximately 33% and the pre-transaction owners of Grenville owning approximately 67% of the combined company. Simultaneously, Grenville and LOGiQ amalgamated to form one corporate entity named Flow Capital Corp. which will continue as one corporation. The board of directors of Flow Capital was comprised of 6 people, of which 4 were designated by Grenville and the remaining 2 by LOGiQ, with the majority of the management of Flow Capital coming from Grenville. Based on the composition of the board of directors, the composition of key management personnel and the proportionate ownership of each control block, Grenville was deemed to have obtained control and was considered to be the acquirer of LOGiQ for accounting purposes. The transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with the principles of *IFRS 3 Business Combinations*. Accordingly, the results of the acquisition have been recognized from the date of closing.

The details of the consideration and the fair value allocation to the acquired identifiable assets and liabilities assumed are as follows:

Consideration

327,378,042 common shares outstanding at \$0.015 per share \$ 4,910,671

Fair value of assets acquired and liabilities assumed

Cash and cash equivalents	\$ 4,098,814
Accounts receivable and accrued income	1,507,336
Current income tax recoverable	74,708
HST recoverable	687,280
Prepaid expense and other receivables	928,044
Intangible asset – Global Partner sales-related fee earning contracts (Note 11)	13,000,000
Accounts payable and accrued liabilities	(2,798,861)
Deferred fee income	(863,187)
Provisions (Note 13)	(2,267,050)
Convertible debentures (Note 14)	(3,757,434)
Deferred tax liability	<u>(239,832)</u>
Net identifiable assets acquired	\$ 10,369,818
Bargain purchase gain	<u>(5,459,147)</u>
Total consideration	\$ <u>4,910,671</u>

Consideration

The consideration was based upon the closing number of shares outstanding in LOGiQ as at June 6, 2018. The \$0.015 share price used to calculate the consideration was the closing price of LOGiQ's shares on June 6, 2018. As part of the transaction, there were some stock options replaced by the acquirer, but due to the small amount involved it was not considered material to include as part of the consideration. The Company is in the process of finalizing the fair values of all assets acquired and liabilities assumed.

Intangible asset – Global Partner sales related fee earning contracts

The valuation of the intangible asset was valued at a multiple of 7.59 times the gross annual revenue less direct costs in respect of the acquired contracts. The valuation also considered inputs from third parties who were looking to purchase the contracts when LOGiQ were actively planning to sell the contracts. Employees that are key to the success and growth of the acquired asset will continue to work for the Company. The useful life of the acquired contracts was determined to be eight years, with the contracts to be amortized on straight-line basis over the expected useful life.

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Convertible debentures

The 7.00% senior unsecured convertible debentures mature on June 30, 2021. The face value of the outstanding debentures was \$5,213,590 and the fair value was based on a price of \$0.7207, which was the last traded price prior to the closing of the Transaction. An accretion amount of \$1,614,436 was recognized and this amount will be amortized over the period from June 7, 2018 to June 30, 2021.

Bargain purchase gain

The bargain purchase gain of \$5,459,147 arose due to the fall in the share price of LOGiQ since the Arrangement Agreement was negotiated and the share price of \$0.015 at the closing date.

Transaction costs and contribution

During the nine months ended September 30, 2018, transaction costs of \$345,381 were incurred in connection with the Transaction and have been expensed in the consolidated statements of net and comprehensive income. Excluding the transaction costs expensed in the period, for the nine months ended September 30, 2018, the acquisition has contributed \$1,002,274 to revenues and a loss of \$59,410 to the net and comprehensive income.

Reverse acquisition net of cash acquired

Net identifiable assets acquired less bargain purchase gain	\$	4,910,671
less: Cash and cash equivalents acquired		<u>(4,098,814)</u>
Reverse acquisition net of cash acquired		<u>811,857</u>

6. Fair values

a) Valuation Technique

The Company uses valuation techniques with the objective of determining a fair value measurement that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the royalty agreements acquired and promissory notes receivable by the Company are determined using discounted cash flow models with fair value estimated by applying a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates as well as company specific variables. Future cash flows are weighted by the Company using a combination of a probability approach and a terminal value approach, as applicable, and the fair value for each investment is individually calculated. Some or all of the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are commonly used by market participants.

The fair value of equity securities in investee companies that are classified as Level 1 in the fair value hierarchy are determined using the closing share price on the last business day of the reporting period provided that such securities have actively been traded.

As a result of the significant use of unobservable inputs, a high degree of management judgement and estimation is required. Management judgement is required for the determination of the expected future cash flows on the financial instrument being measured, determination of the probability of the outcomes, adjustments to the discount rate for liquidity risk, model uncertainties and investee-specific risk factors. The extent of the adjustments to the discount rate is based on management's assessment that a third-party market participant would take them into account in pricing the transaction.

b) Fair value hierarchy – financial assets measured at fair value

All financial assets are measured at fair value. All financial liabilities are measured at amortized cost.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial assets measured at fair value by hierarchy are shown in the table below. The amounts shown are based on the amounts recognized in the statements of financial position. All financial assets are classified as financial assets and measured at fair value through profit and loss.

	Total	Level 1	Level 2	Level 3
September 30, 2018				
Cash and cash equivalents	\$ 8,215,958	\$ 8,215,958	\$ -	\$ -
Royalty agreements acquired	20,973,330	-	-	20,973,330
Promissory notes receivable	453,075	-	-	453,075
Loans	854,000			854,000
Equity securities in investee companies	4,981,662	4,847,500	-	134,162
	<u>\$35,478,025</u>	<u>\$ 13,063,458</u>	<u>\$ -</u>	<u>\$ 22,414,567</u>

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	Total	Level 1	Level 2	Level 3
December 31, 2017				
Cash and cash equivalents	\$ 7,534,383	\$ 7,534,383	\$ -	\$ -
Royalty agreements acquired	18,683,489	-	-	18,683,489
Promissory notes receivable	2,506,822	-	-	2,506,822
Equity securities in investee companies	1,098,846	1,094,796	-	4,050
	\$29,823,540	\$ 8,629,179	\$ -	\$ 21,194,361

For the nine months ended September 30, 2018, there was \$1,004,050 transferred from equity securities in investee companies under Level 3 into equity securities in investee companies under Level 1. For the year ended December 31, 2017, there was \$1,094,796 transferred from royalty agreements acquired under Level 3 into equity securities in investee companies under Level 1.

The following table shows a reconciliation between the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	Balance at January 1, 2018	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at September 30, 2018
Royalty agreements acquired	\$18,683,489	\$(1,211,659)	\$4,713,748	\$(1,125,000)	\$(87,248)	-	\$20,973,330
Equity securities in investee companies	4,050	(1,284,853)	2,419,015	-	-	(1,004,050)	134,162
Loans	-	-	854,000	-	-	-	854,000
Promissory notes receivable	2,506,822	(1,006,297)	-	(400,200)	(647,250)	-	453,075
Total	\$ 21,194,361	\$ (3,502,809)	\$7,986,763	\$(1,525,200)	\$(734,498)	\$(1,004,050)	\$ 22,414,567

	Balance at January 1, 2017	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at December 31, 2017
Royalty agreements acquired	\$35,547,001	\$(16,269,394)	\$4,218,633	\$(3,315,380)	\$(402,575)	\$(1,094,796)	\$18,683,489
Equity securities in investee companies	-	-	4,050	-	-	-	4,050
Promissory notes receivable	2,015,378	(338,221)	829,665	-	-	-	2,506,822
Total	\$ 37,562,379	\$ (16,607,615)	\$5,052,348	\$(3,315,380)	\$(402,575)	\$(1,094,796)	\$ 21,194,361

The valuation technique used to determine the fair value of all Level 3 financial assets is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 15.6%-28.3%), growth rate of the revenues of the investee (range is between no growth and 50%) and the liquidity premium (range is between 4.2%-12.2%). The low and high input values represent the actual highest and lowest level of values used over the portfolio and represent the range on an individual investment basis. The input ranges will therefore vary from period to period based on the characteristic of the underlying investment at each statement of financial position date.

c) Sensitivity of fair value measurement to changes in unobservable inputs

For fair value measurements in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the Level 3 financial assets as at September 30, 2018 and December 31, 2017 as follows:

September 30, 2018			December 31, 2017		
Discount rate	Revenue growth rate	Liquidity premium	Discount rate	Revenue growth rate	Liquidity premium
\$ 635,507	\$ 166,400	\$ 16,897	\$ 633,863	\$ 162,615	\$ 17,197

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d) Financial liabilities not measured at fair value

All financial liabilities are measured at amortized cost. The table below is a comparison of the carrying amount and the fair value of the financial liabilities that are recognized in the statements of financial position:

	Carrying Amount September 30, 2018	Fair Value September 30, 2018	Carrying Amount December 31, 2017	Fair Value December 31, 2017
Financial liabilities				
Accounts payable and accrued liabilities	\$ 2,700,597	\$ 2,700,597	\$ 644,664	\$ 644,664
Convertible debentures	20,409,202	19,467,804	16,330,486	13,627,500
Total	\$ 23,109,799	\$ 22,168,401	\$ 16,975,150	\$ 14,292,164

The following methods and assumptions were used to estimate the fair values:

- Accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the debt component of the convertible debentures for September 30, 2018 and December 31, 2017 was based on the listed price of the security at that date less a calculated price for the convertible option using a Black Scholes model.

7. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow. The Company is exposed to market risks including interest rate, credit, foreign exchange and liquidity risks. The Company's management team oversees the management of these risks. It is the Company's policy that no trading for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees to policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk. The Company is not directly subject to commodity price risk and has exposure to equity price risk on the equity securities held in investee companies.

Interest rate risk

The Company invests surplus cash in bank deposits which, due to their short-term nature, do not expose the Company to any material interest rate risks. For royalty agreements acquired and promissory notes receivable, the income can vary on a monthly basis and is not a function of an underlying interest rate. The Company has no material interest rate exposure.

Equity price risk

In certain circumstances, the Company may exchange the royalty investments for equity instruments in the investee company. The Company held significant equity security interests in seven investees, of which three are actively traded as the securities are listed on a recognized exchange. The fair value of the listed equity securities, similar to any other Level 1 asset, were measured using the quoted price of the shares by the numbers of shares held. The shares in Medical Imaging Corp., the warrants in Boardwalktech Software Corp. and DionyMed Holdings Inc. are not actively traded and were classified as Level 3 assets. These Level 3 investments were measured using commonly used valuation models. The equity price risk exposure at September 30, 2018 was \$4,981,662 (December 31, 2017: \$1,098,846) and a 1% change in the share price has an impact of \$49,817 (December 31, 2017: \$10,988) on the results.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Starting in 2014, the Company has foreign currency exposures to receivables in United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company continually monitors its translation exposure and its related impact on reported results. The foreign exchange exposure at September 30, 2018 was \$13,109,170 (December 31, 2017: \$10,129,642) United States dollars and a 1% movement in the exchange rate has an impact of \$131,092 (December 31, 2017: \$101,296) on the Company's results.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company enters into royalty arrangements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. This can take the form of a royalty or promissory note, without limitation. The carrying amount of cash, and investments at fair value, excluding equity securities in investee companies, represents the maximum exposure to credit risk. The maximum exposure at September 30, 2018 was \$31,363,063 (December 31, 2017: \$28,724,694). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

In monitoring credit risk, the Company considers industry, sales volume and aging trends, maturity, and other relevant factors. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis and by continuously reviewing both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity and liquidity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements including all financial instruments as at September 30, 2018 and December 31, 2017 respectively:

Contractual obligations	< 1 year	1-2 years	3-5 years	Total
Accounts payable and accrued liabilities	\$2,700,597	\$ -	\$ -	\$ 2,700,597
Finance Lease Liability	3,813	-	-	3,813
Convertible debenture	-	17,210,000	5,203,590	22,413,590
Total	\$2,704,410	\$17,210,000	\$5,203,590	\$ 25,118,000

Contractual obligations	< 1 year	1-2 years	3-5 years	Total
Accounts payable and accrued liabilities	\$ 644,664	\$ -	\$ -	\$ 644,664
Finance lease liability	3,560	3,941	-	7,501
Convertible debenture	-	17,250,000	-	17,250,000
Total	\$ 648,224	\$17,253,941	\$ -	\$17,902,165

Capital management

The Company manages its capital with the primary objective of safeguarding it while providing sufficient working capital to sustain day-to-day operations. An important source of capital for the Company will continue to be from royalty payment income, realized gains on contract buyouts and fee income. For the year ended December 31, 2017, the realized gain on a contract buyout was \$3,000,000 and for the nine months ended September 30, 2018, the realized gain was \$299,643.

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

8. Cash and cash equivalents

	September 30, 2018	December 31, 2017
Cash held in bank accounts	\$ 5,146,185	\$ 1,664,157
Canadian treasury bill maturing less than three months	77,649	-
Guaranteed investment certificates cashable at any time	2,992,123	5,870,226
Total	\$ 8,215,958	\$ 7,534,383

Included in the guaranteed investment certificates was \$170,226 (December 31, 2017: \$170,226) that was held as collateral for security purposes.

9. Investments at fair value

a) At fair value through profit and loss

Royalty agreements acquired	September 30, 2018	December 31, 2017
Due within 1 year	\$ 180,175	\$ 95,050
Due after more than 1 year	20,793,156	18,588,439
Total	\$ 20,973,330	\$ 18,683,489

The term of the typical royalty agreement is normally perpetual and in certain cases the investee has a buyout and buydown option.

Loans

	September 30, 2018	December 31, 2017
Due within 1 year	\$ 854,000	\$ -
Due after more than 1 year	-	-
Total	\$ 854,000	\$ -

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Equity securities in investee companies

	September 30, 2018	December 31, 2017
Due within 1 year	\$ -	\$ -
Due after more than 1 year	4,981,662	1,098,846
Total	\$ 4,981,662	\$ 1,098,846
	September 30, 2018	December 31, 2017
Promissory notes receivable		
Due within 1 year	\$ 453,075	\$ 1,003,600
Due after more than 1 year	-	1,503,222
Total	\$ 453,075	\$ 2,506,822
Total carrying amount of investments at fair value	\$ 27,262,067	\$ 22,289,157

For particular investments, the Company has in place a charge on the assets of the investees under General and Security Agreements. The carrying value of these investments with such security in place was as follows:

	September 30, 2018	December 31, 2017
Royalty agreements	\$ 6,879,693	\$ 6,330,078
Loans	854,000	-
Promissory notes receivable	453,075	2,506,822
	\$ 8,186,768	\$ 8,836,901

The Company has provided a 100% cash backed financial guarantee of up to \$110,000 (December 31, 2017: \$110,000) on behalf of an investee. The value of this financial guarantee recognized at September 30, 2018 was nil (December 31, 2017: nil).

The Company announced on June 21, 2018, that it had entered into a binding agreement to sell its royalty agreement with Agnity Global to Universal mCloud Corp ("mCloud") (TSX-V: MCLD). mCloud will pay Flow Capital US\$2,000,000 in cash and 1,500,000 in mCloud common shares at close, and another 3,500,000 common shares if certain milestones are met. As at October 31, 2018, mCloud's share price was \$0.33 per share.

During the quarter, Medical Imaging Corp. ("Medical Imaging") sold its subsidiary Schuylkill Open MRI, Inc. ("SMI") for \$2,250,000. From the proceeds, Medical Imaging repaid the US\$500,000 secured promissory note, paid US\$125,000 in outstanding interest and \$35,000 off the royalty investment. Following the sale of SMI, Medical Imaging has one remaining business operation based in Canada with annual revenues of \$3,500,000. At the same date, the Company agreed to restructure the \$2,000,000 royalty investment whereby the royalty rate was reduced to 2.50% from 5.50% and the monthly minimum royalty reduced from US\$47,657 to US\$6,000. As part of the restructuring of the royalty, Flow Capital received 4,000,000 shares in Medical Imaging, a right to receive 40% of any sale proceeds of the remaining business operation and granted a first security position on all the assets of Medical Imaging. As the modifications to the terms of royalty investment were significant, the Company have recognized a realized loss of US\$1,965,000 during the three months period ended September 30, 2018 and this loss was included in the statement of comprehensive income (loss) under realized loss from investments written-off. The fair value recognized for the royalty investment prior to and after the restructuring was zero.

b) Equity securities in investee companies

	Cost September 30, 2018	Carrying amount September 30, 2018	Cost December 31, 2017	Carrying Amount December 31, 2017
Common shares				
Lattice Biologics Ltd	\$ 3,313,771	\$ 667,744	\$ 3,622,050	\$ 1,094,796
Inner Spirit Holdings Ltd.	1,004,050	4,119,675	4,050	4,050
Boardwalktech Software Corp.	152,841	60,081	-	-
Medical Imaging Corp.	0	0	-	-
Warrants				
Boardwalktech Software Corp.	1,365,572	80,719	-	-
DionyMed Holdings Inc.	53,443	53,443	-	-
Total	\$ 5,889,676	\$ 4,981,662	\$ 3,626,100	\$ 1,098,846

On January 22, 2018, the Company announced it had reached an agreement with Inner Spirit Holding Ltd., to convert Grenville's \$1,000,000 royalty agreement in Watch It! Consolidated Ltd. ("Watch It!") to 10,000,000 shares in Inner Spirit Holding Ltd. ("Inner Spirit") at a price of 10 cents per share. Watch It! is a wholly-owned subsidiary of Inner Spirit and at December 31, 2017, the carrying value of the

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royalty agreement in the financial statements was \$500,901. With the conversion, Grenville held 14,455,000 shares or approximately 13 percent of the total issued and outstanding common shares of Inner Spirit. On July 30, 2018, Inner Spirit became listed on the Canadian Securities Exchange (the "CSE"). As the shares are actively traded this investment was classified as Level 1 as at September 30, 2018. The fair value of the shares was determined using a price of \$0.285.

On June 4, 2018, the Company received 399,424 warrants issued by Boardwalktech Software Corp. ("Boardwalktech") to purchase 399,424 common shares in Boardwalktech at an exercise price of US\$1.67. At the date of issue, 80% of the warrants are held in escrow to be released in 20% increments every three months thereafter. On June 7, 2018, the Company exercised 79,884 warrants at a cost of \$172,734. On July 13, 2018, the Company sold 9,200 warrants at a price of \$5.10 for proceeds of \$46,920 (cost: \$19,893). The warrants are not publicly traded or listed on any stock exchange.

On April 4, 2018, the Company received as part of the \$800,000 royalty investment in DionyMed Holdings Inc., ("DionyMed"), 80,000 warrants to purchase 80,000 common shares in DionyMed at a price of \$1.50, exercisable on or before April 3, 2023. The warrants were issued as additional consideration and therefore recognized separately from the royalty investment at the fair value of the warrants. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. In determining the fair value, the key assumptions were;

	Cost September 30, 2018	Carrying Amount September 30, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	1.5 years
Risk free interest rate	2.11%	1.72%
Expected dividend yield	0%	0%

On May 25, 2018, the Company received as part of arranging for a third-party investor to make a royalty investment in DionyMed, 90,000 warrants to purchase 90,000 common shares in DionyMed at a price of \$1.50 exercisable on or before May 23, 2023. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. In determining the fair value, the key assumptions were;

	Cost September 30, 2018	Carrying Amount September 30, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	1.5 years
Risk free interest rate	2.11%	1.83%
Expected dividend yield	0%	0%

On September 14, 2018, the Company acquired 20,000 warrants from Darwin Strategic Royalty Fund LP ("Darwin") as part of the transaction between Darwin and the Company whereby the Company acquired Darwin's interest in the royalty portfolio. The 20,000 warrants allow for the purchase of 20,000 common shares in DionyMed at a price of \$1.50, exercisable on or before May 23, 2023. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. In determining the fair value, the key assumptions were;

	Cost September 30, 2018	Carrying Amount September 30, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	1.5 years
Risk free interest rate	2.11%	2.42%
Expected dividend yield	0%	0%

During the quarter, Flow Capital received 4,000,000 shares in Medical Imaging as part of the restructuring of the royalty investment. The shares of Medical Imaging are on the OTC under the stock symbol MEDD. As the share is not actively traded, the Company have valued the holding at zero.

c) Movement during the period

The changes in the carrying amount in investments at fair value during the reporting periods were:

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Nine months ended September 30, 2018

	Royalty agreement acquired	Equity securities in investee companies	Promissory notes receivable	Loans	Total
Starting balance	\$ 18,683,489	\$ 1,098,846	\$ 2,506,822	\$ -	\$ 22,289,157
New investments during the period	4,713,748	200,843	-	854,000	5,768,591
Contract buyout	(125,000)	-	(400,200)	-	(525,200)
Royalty investment converted into equity	(1,000,000)	1,000,000	-	-	-
Sales	-	(328,172)	-	-	(328,172)
Investments written-off	(7,585,792)	-	-	-	(7,585,792)
Warrants earned through services provided	-	1,390,906	-	-	1,390,906
Redemptions and contract buydowns	(87,247)	-	(647,250)	-	(734,497)
Royalty earned and payments received - net	61,918	-	-	-	61,918
Royalty payment written-off	(518,905)	-	-	-	(518,905)
Foreign exchange movements	(672)	-	110,697	-	110,025
Adjustment to fair value	6,831,791	1,619,239	(1,116,994)	-	7,334,036
Ending balance	\$ 20,973,330	\$ 4,981,662	\$ 453,075	\$ 854,000	\$ 27,262,067

Year ended December 31, 2017

	Royalty agreement acquired	Equity securities in investee companies	Promissory notes receivable	Loans	Total
Starting balance	\$ 35,547,001	\$ -	\$ 2,015,378	\$ -	\$ 37,562,379
New investments during the period	4,218,633	4,050	829,665	-	5,052,348
Contract buyout	(2,000,000)	-	-	-	(2,000,000)
Royalty investment converted into equity	(2,683,000)	2,683,000	-	-	-
Royalty payment converted into equity	(1,144,050)	1,144,050	-	-	-
Investments written-off	(5,465,000)	(205,000)	(869,635)	-	(6,539,635)
Redemptions and contract buydowns	(232,758)	-	-	-	(232,758)
Royalty earned and payments received - net	974,233	-	-	-	974,233
Royalty payment written-off	(959,634)	-	-	-	(959,634)
Foreign exchange movements	(1,622,279)	-	(180,251)	-	(1,802,530)
Adjustment to fair value	(7,949,657)	(2,527,254)	711,665	-	(9,765,246)
Ending balance	\$ 18,683,489	\$ 1,098,846	\$ 2,506,822	\$ -	\$ 22,289,157

10. Equity-accounted investments

	September 30, 2018	December 31, 2017
Interest in Foregrowth-Grenville Investments Inc. ("FGII")	\$ -	\$ -
Interest in Solar Brokers Canada Corp. ("Solar Brokers")	-	-
Interest in Green Lion Eco Group Corp. ("Green Lion")	-	-
Total	-	-

On August 8, 2018, Flow Capital announced the conclusion of the FGII joint venture. As part of the transaction, Flow Capital acquired the portfolio of royalty investments of FGII and also sold its 15% shareholding in FGII for zero consideration. Flow Capital's share of FGII's results from July 1, 2018 to the closing date was \$(1,982) and \$11,706 from January 1, 2018 to September 30, 2018. A loss of \$(11,706) was recognized on the sale of the shares of FGII for the three-months period ended September 30, 2018 and this amount was included under realized gain (loss) from sale of investments.

On July 24, 2018, Flow Capital announced that it became a shareholder of Solar Brokers and its affiliate Green Lion. The Company acquired 33% of the outstanding shares of both Solar Brokers and Green Lion as well as the right to a seat on both companies' boards of directors. As at the date of acquisition on July 19, 2018, and September 30, 2018, the Company has determined that it has significant influence over Solar Brokers and Green Lion and therefore has accounted for the investment in shares using the equity method of accounting. Flow Capital did not pay any consideration for the shares and as Solar Broker and Green Lion incurred losses from July 2018 to September 30, 2018, Flow Capital has measured the value of both investments as zero under the equity method of accounting. As the

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carrying amount of the investment is zero, no liability for losses was recognized as Flow Capital does not have an obligation to fund the operations of Solar Brokers and Green Lion.

11. Intangible assets

The asset is for Global Partner sales-related fee earning contracts that have a finite life.

	September 30, 2018	December 31, 2017
Acquired through business acquisition (Note 5)	\$ 13,000,000	\$ -
Additions during the period	39,500	-
Amortization	(514,583)	-
Ending Balance	\$ 12,524,917	\$ -

The useful life of the acquired contracts was determined to be eight years with amortization determined on a straight-line basis over the expected useful life. The Company assess at the end of each reporting period whether there is an indication that the asset may be impaired. If any such indication exists, the Company will determine the recoverable amount of the asset and if required, recognize an impairment allowance.

12. Income taxes

(a) Amounts recognized in statements of comprehensive income/(loss)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Income tax expense (recovery) – current year	\$ 12,039	\$ 294,981	\$ 38,207	\$ 349,832
Income tax expense (recovery) – prior year	(168,669)	-	(168,669)	459
Deferred tax expense (recovery)				
Origination and reversal of temporary differences in period	(259,986)	(905,935)	(27,084)	(3,154,988)
Total income taxes	\$ (416,616)	\$ (610,954)	\$ (157,546)	\$ (2,804,697)

(b) Reconciliation of effective tax rate

	Nine months ended September 30, 2018		Nine months ended September 30, 2017	
Profit/(Loss) before tax		\$5,331,289		\$(10,816,257)
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	1,412,792	26.50%	(2,866,308)
Income tax expense (recovery) – prior year		(168,669)		459
Tax cost (benefit) of non-deductible expenses and non-taxable income	(26.29%)	(1,401,669)	(0.77%)	61,153
Incomes taxes recognized in statements of comprehensive Income (Loss)	0.21%	\$ (157,546)	25.73%	\$(2,804,697)

Due to its nature, the bargain purchase gain of \$5,459,147 is not taxable and therefore the tax impact of \$1,446,674 was reflected in the tax cost benefit of non-deductible expenses and non-taxable income.

Movement in deferred tax balances

The Company has established, based on the financial performance, that it is probable that the Company will have future taxable income. As a result, the Company recognized a deferred tax asset for temporary differences existing at September 30, 2018. The composition of the deferred tax asset at September 30, 2018 and December 31, 2017 was as follows:

	June 30, 2018	December 31, 2017
Amounts recognized in statement of comprehensive income (loss)		
Transaction costs on common shares issue and convertible debenture	\$ (361,772)	\$ (272,991)
Property and equipment	39,854	20,036
Tax losses available	3,250,787	1,347,227
RTO expense	194,631	104,735
Unrealized gain on foreign exchange differences	(128,961)	(103,918)
Adjustments to fair value	5,087,078	7,038,640
Other temporary differences	(159,527)	1,109
	7,922,090	8,134,838
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	783,042	783,042
	581,559	581,559
Balance at June 30, 2018 and December 31, 2017	\$ 8,503,646	\$ 8,716,397

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The effective tax rate used in determining the value of the deferred tax asset was 26.50%. There was no unrecognized deferred tax asset or liability at September 30, 2018 and December 31, 2017.

13. Provisions

	Onerous contracts	Retail funds indemnity	Other	Total
Assumed through business acquisition	\$ 1,891,610	\$ 333,000	\$ 42,440	\$ 2,267,050
Utilized during the period	(141,378)	-	-	(141,378)
Balance at September 30, 2018	\$ 1,750,232	\$ 333,000	\$ 42,440	\$ 2,125,672
Current	481,688	-	-	481,688
Non-current	1,268,544	333,000	42,440	1,643,984

Onerous contracts

The onerous contracts provision relates to contractual obligations for the lease of office space in Calgary and Toronto that does not provide future economic benefits to the Company. The leases were signed prior to the reverse take-over on June 7, 2018. The lease will be terminated on March 31, 2022 for the Calgary space and on October 31, 2021 for the Toronto space. The fair value of the onerous lease contract has been calculated using the remaining lease payments, net of estimated sublet recoveries, over the remaining lease term. The fair value recognized does not include any impact for the time value of money as the amount was not material based on the risk of the underlying assumptions. The key unobservable input used in the calculation of the present value of the obligation, net of sublease recoveries, is management's estimate of the period over which the premises can be sublet, and the extent of the recovery. The current sublease arrangement terminates on November 30, 2018 for the Calgary space, though management has assessed a high probability that the sublease agreement will be renewed, and the sublease arrangement terminates on October 30, 2021 for the Toronto space.

Retail funds indemnity

The Company assumed an indemnity to the buyer related to certain representations and warranties as part of the transaction prior to the reverse take-over on June 7, 2018. The indemnity assumed was recognized at a fair value representing the fair value of the liability assumed. There have been no claims made under the indemnity.

14. Convertible debentures

	September 30, 2018	December 31, 2017
Convertible debenture - Series A	\$ 16,604,851	\$ 16,330,486
Convertible debenture - Series B	3,804,351	-
Ending Balance	\$ 20,409,202	\$ 16,330,486

On July 10, 2014 and July 17, 2014, the Company closed an offering for convertible unsecured subordinated debentures (the "**Series A Debentures**"), for aggregate gross proceeds of \$17,250,000. The issue costs were \$1,343,425, resulting in net proceeds of \$15,906,575. The Series A Debentures bear interest from the date of issue at 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2014. The Series A Debentures have a maturity date of December 31, 2019 (the "**Maturity Date**"). The Series A Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the Series A Debentures into common shares at a conversion price of \$1.7664 per common share, being a conversion rate of 566.12 common shares for each \$1,000 principal amount of Series A Debentures. The Series A Debentures are listed for trading on the TSX Venture Exchange under the symbol FW.DB.A.

For accounting purposes, the Series A Debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 8.96% for the Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Series A Debentures and the fair value of the liability component.

The Debentures are direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness. The Debentures are not redeemable before December 31, 2017. On or after December 31, 2017, but prior to the Maturity Date, the Company may, at its option, redeem the Debentures, in whole or in part, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability and equity during the period:

Principal

Balance at September 30, 2018	\$ 17,210,000
Balance at December 31, 2017	\$ 17,250,000

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Liability	
Gross proceeds	\$ 17,250,000
Transaction costs	(1,343,425)
Equity component less issue costs allocated	<u>(760,314)</u>
Liability component initially recognized	15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2017	<u>1,184,225</u>
Balance at December 31, 2017	16,330,486
Redemption of debentures for the nine months ended September 30, 2018	(40,000)
Accretion of finance expense for the nine months ended September 30, 2018	<u>314,365</u>
Balance at September 30, 2018	16,604,851
Equity	
Equity component initially recognized	\$ 760,314
Deferred tax liability recognized	<u>(201,483)</u>
Balance at September 30, 2018 and December 31, 2017	558,831

On the reverse acquisition as described in Note 5, the Company assumed 7% senior unsecured convertible debentures ("Series B debentures") with a maturity date of June 30, 2021 with the outstanding balance of \$5,213,590. The conversion price of \$3.60 per common share, being a conversion rate of 277.78 common shares for each \$1,000 principal amount of Series B Debentures. The fair value of the Series B debentures was determined to be \$3,757,434 using Level 1 of fair value hierarchy based on the last traded price prior to the closing of the reverse acquisition. The fair value was fully allocated to the liability component.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability during the period:

Principal	
Balance at September 30, 2018	<u>\$ 5,203,590</u>
Liability	
Face value of the debenture	\$ 5,213,590
Accrued interest at June 7, 2018	158,280
Adjustment to recognize the fair value	<u>(1,614,436)</u>
Liability component initially recognized	3,757,434
Interest and accretion for the period from June 7, 2018 to September 30, 2018	239,392
Interest payment on June 30, 2018	(182,475)
Redemption of debentures for the period from June 7, 2018 to September 30, 2018	<u>(10,000)</u>
Balance at September 30, 2018	3,804,351

The financing expense amounts recognized in the statements of comprehensive income (loss) were made up as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest expense on convertible debentures				
Series A	\$ 343,995	\$ 345,000	\$ 1,033,995	\$ 1,035,000
Series B	91,238	-	115,433	-
	<u>435,233</u>	<u>345,000</u>	<u>1,149,428</u>	<u>1,035,000</u>
Accretion of finance expense for the period				
Series A	104,568	93,467	314,365	281,934
Series B	97,203	-	123,998	-
	<u>201,771</u>	<u>93,467</u>	<u>438,363</u>	<u>281,934</u>
Total	\$ 637,004	\$ 438,467	\$ 1,587,791	\$ 1,316,934

15. Share capital and other components of equity

Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at September 30, 2018 were 87,376,764.

As part of the reverse acquisition described in Note 5, LOGiQ issued 664,764,363 common shares to the shareholders of Grenville in exchange for all the outstanding shares of Grenville based on an exchange rate of 6.25 leaving 992,142,405 of outstanding common shares. The amount recognized for the issue of the 664,764,363 common shares was \$4,910,671. On June 7, 2018, following the amalgamation of LOGiQ and Grenville, the board of directors approved the consolidation of the issued and outstanding shares into a lesser number of common shares at a rate of 12 pre-consolidated common shares for one post-consolidated common share. Following

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the consolidation, the number of outstanding shares was 82,678,533. For the purposes of the presentation in these financial statements, no transactions prior to June 7, 2018 are shown.

On July 5, 2018, the Company announced a non-brokered private placement (the "Offering") had been closed. The Company issued on July 4, 2018, 5,032,689 units (each, a "Unit") at a price of \$0.18 per Unit for aggregate gross proceeds of \$905,884. Each Unit consists of one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable at a price of \$0.22 for a period of sixty (60) months following closing and the fair value of the warrants were calculated as \$0.0967. The Company received the aggregate gross proceeds of \$905,884 during the reporting period and this amount net of \$14,982 transaction costs and \$486,624 for the value of the warrants is shown under share capital in the consolidated statements of changes in equity. Certain directors and officers of the Company subscribed for an aggregate of 4,893,800 Units under the Offering for aggregate cash consideration of \$880,884.

During the three months ended September 30, 2018, 26,042 options were exercised resulting in 26,042 common shares been issued and the receipt of \$1,400 in cash.

Flow Capital Corp. announced on July 30, 2018, that approval was received from the TSX Venture Exchange ("TSXV") to commence a normal course issuer bid ("NCIB") through the facilities of the TSXV, permitting the Company to repurchase, for cancellation up to 4,666,666 common shares of the Company, representing approximately 5.32% of the Company's presently issued and outstanding common shares. The NCIB started on August 2, 2018 and runs until August 1, 2019. Between August 2 and September 30, 2018, 360,500 common shares were repurchased at a price of \$0.1670.

Share warrants

The details of the share warrants outstanding at September 30, 2018 were:

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
5,032,689	486,624	\$0.22	June 26, 2023	4.83

As part of the Offering, 5,032,689 share warrants with an expiry date of June 26, 2023 were issued at an exercise price of \$0.22 per warrant with a fair value of \$486,624. Each share warrant is convertible into one common share of the Company. The fair value of the share warrants at the date of issue was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

Assumption

Expected stock price volatility	119.62%
Expected life in years	5
Risk free interest rate	1.80%
Expected dividend yield	0.0%
Weighted average fair value per warrant granted	\$0.0967

Stock Options

Under the Plan of Arrangement, the Company adopted the 10% "rolling" stock option plan maintained by Grenville. This stock option plan ("the Plan") is to develop the interest of and provide an incentive to eligible employees, directors and consultants of the corporation and its affiliates. The Plan provides for the issuance of a maximum of 10% of the issued and outstanding common shares. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option. As part of the reverse acquisition the Company maintained all outstanding stock options and no modifications were made to the terms that would be considered as beneficial to either the Company or the holder.

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
April 3, 2014	505,208	505,208	\$0.96	April 3, 2019	0.76
May 25, 2015	197,917	119,792	\$1.69	May 25, 2020	1.90
September 21, 2015	156,250	78,125	\$1.23	September 21, 2020	2.22
June 3, 2016	403,646	-	\$0.85	June 3, 2021	2.93
November 18, 2016	403,646	52,083	\$0.29	November 18, 2021	3.39
June 13, 2018	3,400,000	170,000	\$0.18	June 13, 2023	4.95
Total	5,066,667	925,208			
Weighted average exercise price	\$0.4107	\$0.8960		Weighted average remaining contractual life	4.05

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Between June 6, 2018 and September 30, 2018, 3,600,000 options were granted at an exercise price of \$0.18. For the same period, 2,424,861 options expired and were forfeited. Of the 2,424,861 options that expired, 1,236,111 expired on June 29, 2018 and the holder was the former CEO of LOGiQ.

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair value of any options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair value: The following weighted average assumptions were used to estimate the weighted average grant date fair value of the outstanding options as at September 30, 2018;

Assumption

Expected stock price volatility	95.44%
Expected life	5
Risk free interest rate	1.70%
Expected dividend yield	0.46%
Weighted average fair value per option granted	\$0.1407

16. Revenues

i) Income from investments at fair value

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Royalty and loan payment income				
Royalty payment income	\$ 1,040,591	\$ 1,049,836	\$ 3,155,641	\$ 3,408,598
Loan interest income	10,356	-	10,356	-
Promissory notes receivable payment income	163,021	137,305	222,290	151,080
Total	\$ 1,213,968	\$ 1,187,141	\$ 3,388,287	\$ 3,559,678
Foreign exchange gains (losses)				
Royalty agreements acquired	\$ (241,094)	\$ (694,680)	\$ 27,983	\$ (1,795,744)
Promissory notes receivable	4,795	4,474	110,697	(107,640)
Total	\$ (245,889)	\$ (690,206)	\$ 138,680	\$ (1,903,384)
Unrealized foreign exchange (loss) gain	\$ (241,626)	\$ (679,816)	\$ 94,500	\$ (1,903,127)
Realized foreign exchange gain	(4,263)	(10,390)	44,180	(257)
Total	\$ (245,889)	\$ (690,206)	\$ 138,680	\$ (1,903,384)
Realized gains (losses) from sale of investment				
Royalty agreements acquired	\$ -	\$ -	\$ (88,851)	\$ 3,000,000
Promissory notes receivable	-	-	400,200	-
Equity securities in investee companies	(213,851)	-	-	-
Loss on disposal of investment in joint venture	(11,706)	-	(11,706)	-
Total	\$ (225,557)	\$ -	\$ 299,643	\$ 3,000,000
Realized losses from investments written-off				
Royalty agreements acquired	\$ (2,675,784)	\$ -	\$ (8,104,699)	\$ (6,424,634)
Promissory notes receivable	-	-	-	(869,635)
Equity securities in investee companies	-	-	-	-
Total	\$ (2,675,784)	\$ -	\$ (8,104,697)	\$ (7,294,269)
Adjustments to fair value				
Royalty agreements acquired	\$ 1,434,711	\$ (1,382,619)	\$ 6,862,141	\$ (3,799,866)
Promissory notes receivable	-	-	(1,116,994)	711,665
Equity securities in investee companies	837,167	(364,932)	1,619,239	(2,002,390)
Total	\$ 2,271,878	\$ (1,747,551)	\$ 7,364,387	\$ (5,090,591)

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ii) *Other income*

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Consulting and license fee income				
Consulting fee income	\$ -	\$ -	\$ 1,390,906	\$ -
License fee income	5,259	6,218	31,140	13,860
Total	\$ 5,259	\$ 6,829	\$ 1,422,046	\$ 13,860

The consideration for the consulting fee income of \$1,390,906 for the nine months ended September 30, 2018 was settled by warrants. \$1,365,572 of the \$1,390,906 related to 399,424 common share warrants received by the Company from Boardwalktech Software Corp. ("Boardwalktech"). The warrants were granted to the Company on June 4, 2018 at an exercise price of US\$1.67. At the issue date, the share price was \$5.25. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants granted and consequently, the consideration amount for the consulting fee income. The model requires management to make estimates, which are subjective and may not be representative of actual results. In determining the fair value, the key assumptions were;

Expected stock price volatility	139.60%
Expected life	1 year
Risk free interest rate	1.68%
Expected dividend yield	0%

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Other fee income				
Global Partner fee income	\$ 750,393	\$ -	\$ 933,037	\$ -
Amortization of deferred fee income	50,083	-	63,271	-
Total	\$ 800,476	\$ -	\$ 996,308	\$ -

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Other interest income				
Interest income on invested cash and cash equivalents	\$ 27,771	\$ 21,777	\$ 69,166	\$ 60,261

17. Employee benefit expense

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Wages and salaries	\$ 345,833	\$ 297,636	\$ 823,671	\$ 930,470
Severance payment	-	-	10,000	-
Other benefits	7,062	14,214	21,161	41,760
Recruitment expense	-	312	95,300	8,312
Employer related costs for insurance, health tax	48,909	7,739	71,973	33,741
Salaries, benefits and other staffing costs	411,804	319,901	1,022,105	1,014,283
Share-based compensation (Note 18)	52,520	67,309	168,376	225,069
Total	\$ 454,324	\$ 387,210	\$ 1,190,481	\$ 1,239,352

18. Share-based compensation

The amounts recognized in the statement of comprehensive income (loss) were made up as follows:

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	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expense recognized for services provided based on vesting conditions of stock options (Note 15)	\$ 52,520	\$ 67,309	\$ 168,376	\$ 225,069

19. Earnings/ (Loss) per share

The following reflects the profit, loss and unit data used in the basic and diluted earnings per share computations:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	\$ (499,408)	\$ (1,763,068)	\$ 5,488,835	\$ (8,011,560)
Financing expense (Note 14) after tax at 26.5%	468,198	322,273	1,167,026	967,946
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	(31,210)	(1,440,795)	6,655,861	(7,043,614)
Basic weighted average number of shares outstanding	87,466,856	106,317,656	68,602,818	106,311,120
Diluted weighted average number of shares outstanding	104,367,110	133,991,463	83,918,112	133,984,927

Due to the anti-dilutive impact, the same net loss attributable to ordinary equity holders and weighted average number of common shares have been used for both the basic and diluted earnings and loss calculations for the three months ended September 30, 2018, three months and nine months ended September 30, 2017.

20. Operating segment information

Flow Capital operates two divisions: an investment firm providing revenue-linked capital and advisory services to emerging growth businesses in North America, and an institutional sales platform, providing pension funds, charities and endowment clients with access to leading institutional money managers from around the world.

The Company has defined its reportable segments and the amount disclosed for those segments based on management structure and the manner in which the internal financial reporting is conducted. The accounting policies used in these segments are consistent with those followed in the preparation of the Company's financial statements. Segment information for the reporting periods was as follows:

	Three months ended September 30, 2018		
	Flow Capital Growth Division	Global Partners	Total
Income from investments at fair value	\$ 338,616	\$ -	\$ 338,616
Consulting and license fee income	3,277	-	3,277
Other fee income	-	800,476	800,476
Other income	22,155	5,616	27,771
Total revenues	\$ 364,048	\$ 806,092	\$ 1,170,140
Salaries, benefits and staffing costs	192,518	219,286	411,804
Restructuring costs	50,000	-	50,000
Management and facility fees	21,985	(10,138)	11,848
Share-based compensation	52,520	-	52,520
Amortization and depreciation	24,707	406,250	430,957
Professional fees	204,683	30,127	234,810
Office and general administrative	76,900	180,320	257,220
Operating expenses	623,312	825,845	1,449,158
Operating profit (loss)	\$ (259,264)	\$ (19,753)	\$ (279,018)

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	Three months ended September 30, 2017		
	Flow Capital Growth Division	Global Partners	Total
Income from investments at fair value	\$ (1,250,616)	\$ -	\$ (1,250,616)
Consulting and license fee income	6,218	-	6,218
Other fee income	-	-	-
Other income	21,777	-	21,777
Total revenues	\$ (1,222,621)	\$ -	\$ (1,222,621)
Salaries, benefits and staffing costs	319,901	-	319,901
Management and facility fees	41,640	-	41,640
Share-based compensation	67,309	-	67,309
Amortization and depreciation	9,402	-	9,402
Professional fees	183,331	-	183,331
Office and general administrative	91,351	-	91,351
Operating expenses	712,934	-	712,934
Operating profit (loss)	\$ (1,935,555)	\$ -	\$ (1,935,555)
	Nine months ended September 30, 2018		
	Flow Capital Growth Division	Global Partners	Total
Income from investments at fair value	\$ 3,086,299	\$ -	\$ 3,086,299
Consulting and license fee income	1,422,046	-	1,422,046
Other fee income	-	996,308	996,308
Other income	74,906	5,966	80,872
Total revenues	\$ 4,583,252	\$ 1,002,274	\$ 5,585,526
Salaries, benefits and staffing costs	757,961	264,144	1,022,105
Restructuring costs	706,250	-	706,250
Management and facility fees	66,243	(9,068)	57,175
Share-based compensation	168,376	-	168,376
Amortization and depreciation	74,903	514,583	589,487
Professional fees	910,150	81,507	991,657
Office and general administrative	380,026	210,517	590,543
Operating expenses	3,063,908	1,061,684	4,125,593
Operating profit (loss)	\$ 1,519,343	\$ (59,410)	\$ 1,459,933
	Nine months ended September 30, 2017		
	Flow Capital Growth Division	Global Partners	Total
Income from investments at fair value	\$ (6,806,280)	\$ -	\$ (6,806,280)
Consulting and license fee income	13,860	-	13,860
Other income	60,133	-	60,133
Total revenues	\$ (6,732,289)	\$ -	\$ (6,732,289)
Salaries, benefits and staffing costs	1,014,283	-	1,014,283
Restructuring costs	-	-	-
Management and facility fees	121,039	-	121,039
Share-based compensation	225,069	-	225,069
Amortization and depreciation	27,951	-	27,951
Professional fees	1,090,468	-	1,090,468
Office and general administrative	288,224	-	288,224
Operating expenses	2,767,034	-	2,767,034
Operating profit (loss)	\$ (9,499,323)	\$ -	\$ (9,499,323)

As at September 30, 2018, additions to non-current assets other than financial instruments and deferred tax assets, for the Global Partners division was \$12,719,489, representing the intangible assets arising as a result of the business acquisition (notes 5 and 11).

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There were no additions to non-current assets other than financial instruments and deferred tax assets, for the Flow Capital Growth Division as at September 30, 2018.

As at September 30, 2018, the Flow Capital Growth Division had paid \$65,722 in expenses on behalf of the Global Partners division.

21. Changes in working capital items

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Royalty agreements acquired – current portion	\$ (312,241)	\$ 63,028	\$ (370,575)	\$ 720,345
Accounts receivable and accrued income	390,142	-	699,235	-
Prepaid royalty	(70,883)	-	(198,270)	-
Provisions	(106,033)	-	(141,377)	-
Deferred fee income	(50,000)	-	(63,187)	-
Prepaid expense and other receivables	232,243	(29,081)	96,009	(83,918)
Accounts payable and accrued liabilities	(482,214)	203,581	(448,958)	366,578
Total changes in working capital items	\$ (398,986)	\$ 237,528	\$ (427,123)	\$ 1,003,005

22. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	September 30, 2018	December 31, 2017
Less than one year	\$ 1,966,237	\$ 87,333
Between one and five years	3,777,380	349,332
Over five years	-	80,055
Total	\$ 5,743,617	\$ 516,720

The obligation for payments under operating leases related to four leases for office spaces. Three of the office spaces are sublet and therefore the Company expects to receive rental income that can be used to fund the payments. Any shortfall between the obligations under the leases and what is expected to be received under the subleases are recognized as an onerous contract and a full provision has been made. As at September 30, 2018, the provision for onerous contracts was \$1,750,232 (**Note 13**).

23. Contingencies

As described in note 5, the Company acquired identifiable assets and assumed liabilities on the reverse acquisition of LOGiQ. The Company assumed some contingent liabilities of LOGiQ that have been outstanding for a number of years. Due to the low possibility of a payment or a loss, the Company assessed the fair value as nil as of June 7, 2018. A background to the contingent liabilities are described below.

LOGiQ Capital 2016, as a co-defendant has had litigation commenced against it by Performance Diversified Fund seeking damages of \$5,000,000 from Front Street Investment Management Inc. and LOGiQ Capital 2016 (collectively, "the co-defendants"). In the claim, Performance Diversified Fund alleges that the co-defendants, in co-managing the assets of Flatiron LP with Sprott Inc. and Sprott Asset Management LP, breached their duty of care and fiduciary duty to Performance Diversified Fund. The Partnership along with the other co-defendants has commenced a third-party claim with respect to certain service providers to Performance Diversified Fund. The Company will continue to defend against the claim. The amount of the losses, if any, cannot be reasonably determined at this time.

Under a share purchase agreement dated March 11, 2016 (the "SPA") with Brant Securities Limited ("Brant"), the wholly owned subsidiary, Aston Hill Securities Inc. ("AHS"), was sold to Brant. Under the SPA, the Company agreed to indemnify Brant in respect of certain claims, limited to a maximum amount of \$300,000. A notice of claim has been received in respect of this indemnity arising from a third-party claim against Brant by a former AHS client. The Company based upon the terms in other agreements with Brant believe that it is unlikely that the Company will have to make a \$300,000 payment.

24. Related party disclosures

Key management personnel

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Short term employee benefits	\$ 133,385	\$ 221,517	\$ 429,050	\$ 686,936
Share-based compensation	41,328	63,527	92,245	194,166
Consultancy fees	86,012	67,966	235,363	205,035
Total	\$ 260,725	\$ 353,010	\$ 756,658	\$ 1,086,137

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During the nine months ended September 30, 2018, an employee who was included in key management personnel in previous reporting periods ceased to be an employee of the Company. The Company has recognized an expense of \$362,500 in respect of the termination of the employment agreement.

On April 23, 2018, the Company announced that Steven Parry resigned as a director of the Company and will assume an advisory role to the Company. In accordance with the terms of Mr. Parry's employment agreement, Mr. Parry is entitled to the sum of \$343,750 in connection with the transition to a new role. On the same date, Robb McLarty was promoted to Chief Investment Officer and Acting Chief Executive Officer.

The number of key management personnel as at September 30, 2018 was 7 (2017: 9) and are identified as the members of the board of directors and the officers of the Company.