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

Consolidated Financial Statements

For the year ended December 31, 2018

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

GOODMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

45 St. Clair Ave. West, Suite 200
Toronto, Ontario M4V 1K6
t (416) 967-3444
f (416) 967-3945
goodmancpa.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

We have audited the accompanying consolidated financial statements of Flow Capital Corp. (formerly LOGiQ Asset Management Inc.) which comprise the consolidated statement of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and December 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Flow Capital Corp. (formerly LOGiQ Asset Management Inc.) as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and December 31, 2017, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Goodman & Associates LLP

Toronto, Ontario
February 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

Consolidated Statements of Financial Position

(Canadian dollars)

	Note		December 31, 2018		December 31, 2017
Assets					
Current Assets					
Cash and cash equivalents	9	$	8,607,686	$	7,534,383
Accounts receivable and accrued income	10		828,005		-
Income tax recoverable			79,790		426,586
Investments at fair value – current portion	12		162,005		1,098,650
Prepaid expenses and other receivables	11		1,175,122		137,124
Total Current Assets			**10,852,608**		**9,196,743**
Non-Current Assets					
Property and equipment	14		222,596		288,916
Deferred tax asset	19		9,365,187		8,716,397
Other receivables			195,255		-
Equity-accounted investments	13		-		-
Intangible assets	15		12,115,869		-
Investments at fair value – non-current portion	12		23,913,834		21,190,507
Total Non-Current Assets			**45,812,741**		**30,195,820**
Total Assets		**$**	**56,665,349**	**$**	**39,392,563**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	16	$	2,311,361	$	644,664
Deferred fee income – current portion	22		200,000		-
Provisions – current portion	20		493,110		-
Prepaid royalty payment income	17		-		251,872
Convertible debentures	21		16,667,633		-
Finance lease liability	18		2,888		3,560
Total Current Liabilities			**19,674,992**		**900,096**
Non-Current Liabilities					
Finance lease liability	18		-		3,941
Deferred fee income – non-current portion	22		550,000		-
Provisions – non-current portion	20		1,518,022		-
Convertible debentures	21		3,742,526		16,330,486
Total Non-Current Liabilities			**5,810,548**		**16,334,427**
Shareholders' Equity (Note 23)					
Share capital		$	55,443,299	$	50,261,640
Warrants			486,624		-
Contributed surplus			1,206,422		1,010,960
Equity component of convertible debentures	21		558,831		558,831
Accumulated other comprehensive income			127,861		-
Accumulated deficit			(26,643,228)		(29,673,391)
Total Shareholders' Equity			**31,179,809**		**22,158,040**
Total Liability and Shareholders' Equity		**$**	**56,665,349**	**$**	**39,392,563**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on February 11, 2019:

"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		Year ended December 31, 2018		Year ended December 31, 2017
Revenues					
Income from investments at fair value					
Royalty and loan payment income	24	$	4,597,550	$	4,692,908
Foreign exchange (loss) gain	24		788,356		(1,809,435)
Realized gain (loss) from sale of investments	24		(282,475)		3,000,000
Realized loss from investments written-off	24		(17,932,127)		(7,449,269)
Adjustments to fair value	24		14,017,372		(9,053,879)
Unrealized gain from investment derecognized			-		922,284
Income (loss) from investments at fair value			1,188,676		(9,697,391)
Other income					
Share of joint venture profit, net of tax	13		11,706		(128)
Consulting and license fee income	24		1,421,692		11,289
Other fee income	24		1,851,417		-
Other interest income and gains	24		120,595		83,009
Total Revenues			**4,594,086**		**(9,603,221)**
Operating Expenses					
Salaries, benefits and staffing costs	25	$	1,569,076	$	1,341,774
Restructuring costs			706,250		-
Management and facility fees			84,328		157,959
Share-based compensation	26		195,462		291,913
Depreciation and amortization			1,022,606		40,786
Professional fees			1,319,706		1,320,324
Office and general administrative			862,530		810,618
Total Operating Expenses			**5,759,958**		**3,963,374**
Operating Loss		**$**	**(1,165,872)**	**$**	**(13,566,595)**
Bargain purchase (gain)	6		(5,459,147)		-
Financing expense	21		2,240,781		1,767,313
Profit (Loss) before income taxes			**2,052,494**		**(15,333,908)**
Income Taxes					
Current income tax recovery	19	$	(120,450)	$	(344,127)
Deferred tax recovery	19		(857,219)		(3,638,358)
Total Income Tax Recovery		**$**	**(977,669)**	**$**	**(3,982,485)**
Net Profit (Loss)		**$**	**3,030,163**	**$**	**(11,351,423)**
Other comprehensive income					
Foreign currency translation reserve			127,861		-
Total Comprehensive Income (Loss)		**$**	**3,158,024**	**$**	**(11,351,423)**
Earnings/(Loss) per share (Note 27)					
Basic earnings/(loss) per share		$	0.0578	$	(0.1068)
Diluted earnings/(loss) per share		$	0.0578	$	(0.1068)

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**	**$ -**	**$ -**	**$ 719,047**	**$ 558,831**	**$(18,321,968)**	**$ 33,216,875**
Stock options exercised	24,113		675	-	-	-	-	-	675
Share-based compensation	-	**26**	-	-	-	291,913	-	-	291,913
Comprehensive loss for the period	-		-	-	-	-	-	(11,351,423)	(11,351,423)
Balance, December 31, 2017	**106,317,656**		**$ 50,261,640**	**$ -**	**$ -**	**$ 1,010,960**	**$ 558,831**	**$(29,673,391)**	**$ 22,158,040**
Balance, January 1, 2018			**$ 50,261,640**	**$ -**	**$ -**	**$ 1,010,960**	**$ 558,831**	**$(29,673,391)**	**$ 22,158,040**
Stock options exercised	26,042		1,400	-	-	-	-	-	1,400
Consideration for reverse acquisition	55,397,030	**6**	4,910,671	-	-	-	-	-	4,910,671
Common shares issued	5,032,689	**23**	404,278	-	486,624	-	-	-	890,902
Share-based compensation	-	**26**	-	-	-	195,462	-	-	195,462
Treasury shares	(950,500)	**23**	(134,690)	-	-	-	-	-	(134,690)
Foreign currency translation	-		-	127,861	-	-	-	-	127,861
Net profit for the period	-		-	-	-	-	-	3,030,163	3,030,163
Balance, December 31, 2018	**86,786,764**		**$ 55,443,299**	**$ 127,861**	**$ 486,624**	**$ 1,206,422**	**$ 558,831**	**$(26,643,228)**	**$ 31,179,809**

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from operating activities			
Profit/(Loss) before income taxes		$ 2,052,494	$ (15,333,908)
Adjustments for non-cash items			
Share-based compensation	26	195,462	291,913
Bargain purchase gain	6	(5,459,147)	-
Amortization of intangible asset	15	923,631	-
Share-based consulting fee income	24	(1,390,906)	-
Share of Joint venture loss (profit)	13	-	128
Loss on disposing property and equipment	14	-	12,763
Depreciation	14	98,975	40,786
Amortization of deferred fee income	22	(113,187)	-
Provision release	20	(255,918)	-
Adjustments relating to investments at fair value			
Unrealized foreign exchange loss (gain)	24	(749,168)	1,808,635
Adjustments to fair value	24	(14,017,372)	9,053,879
Unrealized gain from investment derecognized		-	(922,284)
Realized loss on investments written-off	24	17,932,127	7,449,269
Realized loss on sale of equity securities	24	1,078,615	-
New investments and loan advances	12	(6,899,497)	(5,052,348)
Proceeds received on sale of shares	12	190,672	-
Buyout and redemption of investments	12	2,397,623	2,282,758
Investment recovery		160,000	-
Other Adjustments			
Financing expense	21	2,240,781	1,767,313
Income tax (paid) recovery	19	526,365	280,128
Changes in working capital items	29	(500,369)	1,255,990
Net Cash Flows generated from (used in) Operating Activities		**(1,588,819)**	**2,935,022**
Cash flows from financing activities			
Exercise of stock options		$ 1,400	$ 675
Issue of shares for reverse acquisition	6	4,910,671	-
Other receivables		(195,255)	-
Common shares repurchased for treasury	23	(134,690)	-
Convertible debentures redeemed	21	(180,000)	-
Finance lease payments	18	(4,612)	(3,387)
Debenture interest paid	21	(1,742,282)	(1,380,000)
Issue of common shares	23	890,902	-
Net Cash flows from Financing Activities		**3,546,134**	**(1,382,712)**
Cash flows from investing activity			
Reverse acquisition net of cash acquired	6	$ (811,857)	$ -
Addition to intangible asset	15	(39,500)	-
Purchase of property and equipment	14	(32,655)	(220,339)
Net Cash flows from Investing Activities		**(884,012)**	**(220,339)**
Net increase in cash during the year		**1,073,303**	**1,331,971**
Cash and cash equivalents, beginning of year		7,534,383	6,202,412
Cash and cash equivalents, end of year	**9**	**$ 8,607,686**	**$ 7,534,383**

See accompanying notes to financial statements.

In Canadian dollars, for the year ended December 31, 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 6, 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 Ltd.	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 presentation currency for these financial statements is the Canadian dollar as the functional currency of the Company is Canadian dollar. The functional currency of the Company's subsidiary Flow Capital US Corp. is United States dollar and the financial statements of the subsidiary are translated from its functional currency to Canadian dollars. 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 for consistency with the current year presentation. 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 6, certain assets were acquired during the period ended June 30, 2018 that generate revenue from sales-related fee earning contracts that fall under the scope of IFRS 15. The fees recognized as revenue were included under Other fee income in the Statements of Comprehensive Income.

Going concern considerations

These financial statements have been prepared using accounting principles applicable to a going concern. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of the business. As of December 31, 2018, the outstanding principal on the Series A convertible debentures ("Series A debentures") was $17,156,000 and the remaining term to maturity was twelve months. At the same date, the Company's liquid assets were approximately $11,000,000. Management has a plan in place to manage the maturity of the Series A debentures that involves increasing the liquidity of some of its long-term assets through sales and augmenting the cash-on-hand with cash returned from expected royalty buyouts in the forthcoming months. Other than the plan that is in place, management have other options available to manage the maturity.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved and authorized by the Board of Directors on February 11, 2019.

3. Summary of significant accounting policies

(A) Basis of consolidation

The financial statements of all entities controlled by the Company are included in the consolidated financial statements from the date control commenced. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company's subsidiaries have the same reporting date as the Company. Intra-group balances and transactions are eliminated on consolidation.

(B) Business combinations

The Company accounts for business combinations using the acquisition method on the date that control is transferred to the Company. All identifiable assets, liabilities, and contingent liabilities acquired are recorded at their respective fair values on acquisition date. Intangible assets are recorded at fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. Intangible assets are amortized over their expected life and reviewed annually for impairment. Gains on a bargain purchase are immediately recognized in the statement of comprehensive income and transaction costs are expensed as included, except if related to the issuance of debt or equity securities.

(C) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the foreign currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the consolidated statements of comprehensive income and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation to the Presentation Currency

The financial statements of the foreign subsidiary are translated from its functional currency to Canadian dollars. Assets and liabilities are translated at the closing exchange rate at the statement of financial position date, and income and expenses are translated using the average exchange rates. The accumulated gains or losses arising from translation of functional currencies to the presentation currency, are included as a separate component of Other Comprehensive Income within equity.

(D) Revenue recognition

Income from investments at fair value

i) Royalty and loan payment income

Royalty and loan payment income are recognized in the statement of comprehensive income when earned and collection is reasonably assured.

ii) Adjustments to fair value

Adjustments to fair value of the investments measured at fair value through profit and loss is recognized in the statement of comprehensive income under Adjustments to fair value. The change in the fair value consists of gains or losses both realized and unrealized in the fair value of the investment.

iii) Realized gain (loss) from sale of investments and realized loss from investments written-off

Realized gain (loss) from sale of investments is recognized in the statement of comprehensive income when an investee buyout occurs or when gains or losses are incurred on the sale of equity instruments. Realized loss from investments written-off is recognized at the date the investment is written off when there is no expectation of any recovery in the future.

iv) Foreign exchange (loss) gain

Foreign exchange gains or losses on investments denominated in US dollars are recognized under Income from investments at fair value in the statements of comprehensive income.

Consulting and License Fee income

Consulting income relates to the fees earned on providing advisory services to investees. License fee income relates to income earned under various license agreements. All income is recognized in the statements of comprehensive income when earned and is presented in Other income.

Other fee income

Other fee income relates to revenue earned through sales-related fee earning contracts and is recognized in the statements of comprehensive income when earned and the collection of the consideration is probable. The revenue recognized is presented in Other income. Under the contracts, the Company's single performance obligation is to assist specified and previously selected investment managers in establishing relationships with institutional clients. In exchange for this performance obligation, the Company earn a fixed percentage share of the investment advisory fee earned by the investment manager. The fee income is earned either on a monthly or quarterly basis and the fee is paid to the Company generally within sixty days following the end of the period. The fee earned is dependent on the client funds invested with the investment manager and therefore is variable with constraints.

Other interest income

Other interest income includes interest income earned on short term money market investments. Other income is accrued in the statement of comprehensive income when earned and is presented in Other income.

(E) Taxes

Current income tax

Current income tax assets and liabilities for the respective period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of any deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

(F) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss. A financial asset is measured at amortised cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

For investments at fair value, the Company has determined that these assets must be classified as financial assets measured at fair value through profit or loss as the contractual terms of the agreements do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company also classifies equity-accounted investments and cash and cash equivalents as fair value through profit and loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, including any royalty and loan payment income recognized in the statement of comprehensive income and loss. Cash and cash equivalents and equity-accounted investments are classified within these categories.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured at amortized cost.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred

substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are accounts payable and accrued liabilities, deferred fee income, and prepaid royalty payment income which are recognized on an amortized cost basis and convertible debentures which are accounted for in accordance with Note 3(K).

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Typically, fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgement is required through determining the valuation technique to apply, the valuation techniques such as discounted cash flow analysis and selecting inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value. A description of the fair value methodologies and assumptions by type of asset is included in Note 7.

(vi) Transaction costs

Transaction costs for financial instruments classified as fair value through profit and loss are recognized as an expense in professional fees, in the period the cost was incurred. For all financial instruments measured at amortized cost, the transaction costs are included in the initial measurement of the financial asset or financial liability and are amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

(vii) Embedded Derivatives

For financial liabilities measured at amortized cost, under certain conditions, an embedded derivative must be separated from its host contract and accounted for as a derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. For financial assets at fair value through profit or loss, any embedded derivatives are not separated from its host contract.

(G) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

The Company uses the indirect method of reporting cash flow from operating activities.

(H) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of comprehensive income or loss.

(I) Earnings per share

Basic earnings per share is calculated by dividing the income or loss for the period by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and other dilutive securities. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted income or loss per share assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period.

(J) Share-based compensation

The Company has a share-based compensation plan. The Company accounts for share-based compensation options granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using a Black-Scholes option valuation model. In accordance with the fair value method, the Company recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

(K) Convertible debentures

Convertible debentures are separated into their financial liability and equity components at the initial date of recognition. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component was determined as the difference between the fair value of the instrument as a whole and the fair value of the liability component. The convertible debentures are subsequently measured at amortized cost using the effective interest rate method.

(L) Property and equipment

Property and equipment are measured at cost less accumulated depreciation. Depreciation is calculated to expense the cost of the property and equipment items over their estimated useful lives using the straight-line method. Items relating to leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of property and equipment are as follows:

Leasehold improvements	3-6 years
Furniture	5 years
Office equipment	3-5 years

The estimated useful life of the asset is reviewed at the end of each reporting date and adjusted if appropriate.

(M) Leases

Assets held by the Company under leases that transfer to the Company substantially all of the risk and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments and are accounted for subsequently in accordance with the property and equipment policy. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability so as to produce a constant periodic finance expense on the remaining balance of the liability.

All leases other than finance leases are classified as operating leases and are not recognized on the Company's statement of financial position.

(N) Share warrants

The share warrants were issued as part of the private placement in July 2018 and were initially measured at fair value using a Black Scholes model. When the share warrants are exercised, the fair value attributable to the warrants exercised are added to the proceeds received and shown under share capital.

(O) Intangible assets

Intangible assets relate to sales-related fee earning contracts acquired as part of the Grenville and LOGiQ business combination. This asset is classified as a finite life intangible asset. Finite life intangible assets are amortized over eight years on a straight-line basis and the expense is charged through operating expenses. The useful lives of finite life intangible assets are reviewed annually, and the amortization is adjusted as necessary. Finite life intangible assets are assessed to see if there are any indications of impairment. Impairment is assessed by comparing the carrying value of the intangible asset to their recoverable amounts. If the carrying value of the intangible asset exceed their recoverable amount, the asset is considered impaired, and a charge for impairment is recognized in the Consolidated Statements of Comprehensive Income. The recoverable amount of intangible asset is determined using various valuation models, which require management to make certain judgements and assumptions that could affect the estimates of the recoverable amount.

4. 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

One of the most significant areas of judgement and estimation relates to the determination of the fair value of the assets and liabilities acquired, including the fair value of contingent consideration, if applicable. Further, 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 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 7.

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.

5. 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 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.

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 the Company will be implementing.

6. 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.

In Canadian dollars, for the year ended December 31, 2018

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 15)**		13,000,000
Accounts payable and accrued liabilities		(2,798,861)
Deferred fee income **(Note 22)**		(863,187)
Provisions **(Note 20)**		(2,267,050)
Convertible debentures **(Note 21)**		(3,757,434)
Deferred tax liability		(239,832)
Net identifiable assets acquired	$	**10,369,818**
Bargain purchase gain		(5,459,147)
Total consideration	**$**	**4,910,671**

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 a straight-line basis over the expected useful life.

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 year ended December 31, 2018, transaction costs of $365,859 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 year ended December 31, 2018, the acquisition has contributed $1,889,302 to revenues and an operating loss of $182,907 to the net and comprehensive income (Note 28).

In Canadian dollars, for the year ended December 31, 2018

Reverse acquisition net of cash acquired

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

7. 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 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
December 31, 2018				
Cash and cash equivalents	$ 8,607,686	$ 8,607,686	$ -	$ -
Royalty agreements acquired	21,104,132	-	-	21,104,132
Promissory notes receivable	-	-	-	-
Loans	-	-	-	-
Equity securities in investee companies	2,971,707	2,121,137	-	850,570
	$32,683,525	**$ 10,728,823**	**$ -**	**$ 21,954,702**

	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 year ended December 31, 2018, there was $4,050 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.

In Canadian dollars, for the year ended December 31, 2018

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 December 31, 2018
Royalty agreements acquired	$18,683,489	$(890,078)	$5,183,424	$(1,778,115)	$(94,588)	-	$21,104,132
Equity securities in investee companies	4,050	559,332	291,238	-	-	(4,050)	850,570
Loans	-	(1,447,318)	1,447,318	-	-	-	-
Promissory notes receivable	2,506,822	(981,902)	-	-	(1,524,920)	-	-
Total	**$ 21,194,361**	**$ (2,759,966)**	**$6,921,980**	**$(1,778,115)**	**$(1,619,508)**	**$ (4,050)**	**$ 21,954,702**

	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 the royalty agreements acquired is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 13.8%-27.2%), growth rate of the revenues of the investee (range is between no growth and 50%) and the liquidity premium (range is between 4.2%-13.5%). 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 of the royalty agreements acquired in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of these assets as at December 31, 2018 and December 31, 2017 as follows:

December 31, 2018			December 31, 2017		
Discount rate	**Revenue growth rate**	**Liquidity premium**	**Discount rate**	**Revenue growth rate**	**Liquidity premium**
$ 591,858	$ 116,681	$ 17,774	$ 633,863	$ 162,615	$ 17,197

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 December 31, 2018	Fair Value December 31, 2018	Carrying Amount December 31, 2017	Fair Value December 31, 2017
Financial liabilities				
Accounts payable and accrued liabilities	$ 2,311,361	$ 2,311,361	$ 644,664	$ 644,664
Convertible debentures	20,410,159	19,886,553	16,330,486	13,627,500
Total	**$ 22,721,520**	**$ 22,197,914**	**$ 16,975,150**	**$ 14,272,164**

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 December 31, 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.

8. 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. and Crimson Energy Ltd., 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 December 31, 2018 was $2,881,312 (December 31, 2017: $1,098,846) and a 1% change in the share price has an impact of $28,813 (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 Company continually monitors its transaction and translation exposure and its related impact on reported results. The foreign exchange exposure at December 31, 2018 was $14,389,742 (December 31, 2017: $10,129,642) United States dollars and a 1% movement in the exchange rate has an impact of $143,897 (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, accounts receivable and accrued income, and investments at fair value, excluding equity securities in investee companies, represents the maximum exposure to credit risk. The maximum exposure at December 31, 2018 was $30,880,616 (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.

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 December 31, 2018 and December 31, 2017 respectively:

In Canadian dollars, for the year ended December 31, 2018

Contractual obligations	**< 1 year**	**1-2 years**	**3-5 years**	**Total**
Accounts payable and accrued liabilities	$2,311,361	$ -	$ -	$ 2,311,361
Finance Lease Liability	2,888	-	-	2,888
Convertible debenture	17,156,000	-	5,127,590	22,283,590
Total	**$19,470,249**	**$-**	**$5,127,590**	**$ 24,597,839**

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**

As of December 31, 2018, the outstanding principal on the Series A convertible debentures (“Series A debentures”) was $17,156,000 and the remaining term to maturity was twelve months. At the same date, the Company’s liquid assets were approximately $11,000,000. Management has a plan in place to manage the maturity of the Series A debentures that involves increasing the liquidity of some of its long-term assets through sales and augmenting the cash-on-hand with cash returned from expected royalty buyouts in the forthcoming months.

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 royalty buyout was $3,000,000 and for the year ended December 31, 2018, the realized gain on royalty buyouts was $807,846.

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.

9. Cash and cash equivalents

	December 31, 2018	**December 31, 2017**
Cash held in bank accounts	$ 5,487,750	$ 1,664,157
Canadian treasury bill maturing less than three months	77,649	-
Guaranteed investment certificates cashable at any time	3,042,287	5,870,226
	$ 8,607,686	**$ 7,534,383**

Included in the guaranteed investment certificates was $171,180 (December 31, 2017: $170,226) that was held as collateral for security purposes.

10. Accounts receivable and accrued income

	December 31, 2018	**December 31, 2017**
Accrued income on sales-related fee earning contracts	$ 731,740	$ -
Accounts receivable on sales-related fee earning contracts	71,857	-
Other accounts receivable	24,408	-
	$ 828,005	**$ -**

Accrued income and accounts receivable on sales-related fee earning contracts was recognized when earned and the collection of the consideration is probable. The fee income is earned either on a monthly or quarterly basis and the fee is paid to the Company generally within sixty days following the end of the period. The fee earned is dependent on the client funds invested with the investment manager and therefore is variable with constraints.

11. Prepaid expenses and other receivables

	December 31, 2018	**December 31, 2017**
Prepaid insurance, rent deposit and other prepaid expenses	$ 913,100	$ 134,292
Other receivables	260,000	-
Accrued interest on guaranteed investment certificates	2,022	2,832
	$ 1,175,122	**$ 137,124**

In Canadian dollars, for the year ended December 31, 2018

12. Investments at fair value

a) At fair value through profit and loss

Royalty agreements acquired	December 31, 2018	December 31, 2017
Due within 1 year	$ 162,005	$ 95,050
Due after more than 1 year	20,942,127	18,588,439
Total	**$ 21,104,132**	**$ 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.

Equity securities in investee companies	December 31, 2018	December 31, 2017
Due within 1 year	$ -	$ -
Due after more than 1 year	2,971,707	1,098,846
Total	**$ 2,971,707**	**$ 1,098,846**

Promissory notes receivable	December 31, 2018	December 31, 2017
Due within 1 year	$ -	$ 1,003,600
Due after more than 1 year	-	1,503,222
Total	**$ -**	**$ 2,506,822**
Total carrying amount of investments at fair value	**$ 24,075,839**	**$ 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:

	December 31, 2018	December 31, 2017
Royalty agreements	$ 5,569,279	$ 6,330,079
Promissory notes receivable	-	2,506,822
	$ 5,569,279	**$ 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 December 31, 2018 was nil (December 31, 2017: nil).

During the year, 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 year ended December 31, 2018 and this loss was included in the statements 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 December 31, 2018	Carrying amount December 31, 2018	Cost December 31, 2017	Carrying Amount December 31, 2017
Common shares				
Lattice Biologics Ltd	$ 2,372,657	$ 119,526	$ 3,622,050	$ 1,094,796
Inner Spirit Holdings Ltd.	1,004,050	1,951,425	4,050	4,050
Boardwalktech Software Corp.	152,841	50,186	-	-
Medical Imaging Corp.	0	0	-	-
Crimson Energy Ltd.	299,528	249,607	-	-
Warrants				
Boardwalktech Software Corp.	1,365,572	56,322	-	-

In Canadian dollars, for the year ended December 31, 2018

DionyMed Holdings Inc.	53,442	454,246	-	-
Stability Healthcare Inc.	90,395	90,395	-	-
Total	**$ 5,338,485**	**$ 2,971,707**	**$ 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 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 December 31, 2018. The fair value of the shares was determined using a price of $0.135.

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. The key assumptions used in determining the cost and carrying amount at December 31, 2018 were;

	Cost December 31, 2018	Carrying Amount December 31, 2018
Expected stock price volatility	139.60%	139.60%
Expected life	1.0 years	1.0 years
Risk free interest rate	1.68%	1.87%
Expected dividend yield	0%	0%

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. The key assumptions used in determining the cost and carrying amount at December 31, 2018 were;

	Cost December 31, 2018	Carrying Amount December 31, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	0.25 years
Risk free interest rate	1.72%	1.86%
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. The key assumptions used in determining the cost and carrying amount at December 31, 2018 were;

	Cost December 31, 2018	Carrying Amount December 31, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	0.25 years
Risk free interest rate	1.83%	1.86%
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. The key assumptions used in determining the cost and carrying amount at December 31, 2018 were;

	Cost December 31, 2018	Carrying Amount December 31, 2018
Expected stock price volatility	83.76%	83.76%
Expected life	1.5 years	0.25 years
Risk free interest rate	2.11%	1.86%
Expected dividend yield	0%	0%

In Canadian dollars, for the year ended December 31, 2018

During the year, 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:

	Year ended December 31, 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	5,183,424	268,755	-	1,447,318	6,899,497
New fair value recognized for shares	-	299,528	-	-	299,528
Warrants granted	-	22,483	-	-	22,483
Contract buyout	(778,115)	-	-	-	(778,115)
Royalty investment converted into equity	(1,000,000)	1,000,000	-	-	-
Proceeds received on sale of shares	-	(190,672)	-	-	(190,672)
Loss recognized on sale of shares - net	-	(1,078,615)	-	-	(1,078,615)
Investments written-off	(17,384,801)	-	-	-	(17,384,801)
Warrants earned through services provided	-	1,390,906	-	-	1,390,906
Redemptions and contract buydowns	(94,588)	-	(1,524,920)	-	(1,619,508)
Royalty earned and payments received-net	(311)	-	-	-	(311)
Royalty payment written-off	(547,325)	-	-	-	(547,325)
Foreign exchange movements	621,151	-	135,092	-	756,243
Adjustment to fair value	16,421,208	160,476	(1,116,994)	(1,447,318)	14,017,372
Ending balance	**$ 21,104,132**	**$ 2,971,707**	**$ -**	**$ -**	**$ 24,075,839**

	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**

13. Equity-accounted investments

	December 31, 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	**$ -**	**$ -**

In Canadian dollars, for the year ended December 31, 2018

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 it's 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 December 31, 2018. A loss of $(11,706) was recognized on the sale of the shares of FGII for the year ended December 31, 2018 and this amount was included under realized gain (losses) in Other Income.

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 December 31, 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 December 31, 2018 and both companies are in poor financial condition, Flow Capital has measured the value of both investments as zero under the equity method of accounting. As the 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.

14. Property and equipment

	Office equipment & furniture	Leasehold improvements	Total
Cost			
Balance at December 31 2017	143,928	220,339	364,267
Additions	32,655	-	32,655
Disposals	-	-	-
Balance at December 31 2018	**$ 176,583**	**$ 220,339**	**$ 396,922**
Accumulated depreciation			
Balance at December 31 2017	69,249	6,102	75,351
Charge in year	27,780	71,195	98,975
Disposals	-	-	-
Balance at December 31 2018	**$ 97,029**	**$ 77,297**	**$ 174,326**
Carrying amount			
At December 31, 2017	**$ 74,679**	**$ 214,237**	**$ 288,916**
At December 31, 2018	**$ 79,554**	**$ 143,042**	**$ 222,596**

At December 31, 2018, the carrying amounts of leased assets was $3,040 (2017: $8,184). In October 2017, the Company moved to new offices in Toronto and the property and equipment from the old office not moved was written-off resulting in a loss of $12,763.

15. Intangible assets

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

	December 31, 2018	December 31, 2017
Acquired through business acquisition (**Note 6**)	$ 13,000,000	$ -
Additions during the period	39,500	-
Amortization	(923,631)	-
Ending Balance	**$ 12,115,869**	**$ -**

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 assesses 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. At December 31, 2018, the Company assessed that the asset was not impaired as the fair value less any disposal costs was greater than the carrying amount.

16. Accounts payable and accrued liabilities

	December 31, 2018	December 31, 2017
Accounts payable	$ 366,906	$ 138,900
Accrued expenditures	448,506	178,075
Payroll taxes and HST payable	391,961	325,617
Other liabilities, tenant deposits and prepaid rents	1,103,988	2,072
Total	**$ 2,311,361**	**$ 644,664**

In Canadian dollars, for the year ended December 31, 2018

17. Prepaid royalty payment and interest income

	December 31, 2018	December 31, 2017
Royalty paid in advance of revenue recognition	$ -	$ 244,033
Interest paid in advance of revenue recognition	-	7,839
Total	**$ -**	**$ 251,871**

18. Finance lease liability

	December 31, 2018			December 31, 2017		
	Minimum lease payments	**Interest**	**Net liability**	**Minimum lease payments**	**Interest**	**Net liability**
Less than one year	$ 3,040	$ 152	$ 2,888	$ 4,092	$ 532	$ 3,560
Between one and five years	-	-	-	4,092	151	3,941
Total	**$ 3,040**	**$ 152**	**$ 2,888**	**$ 8,184**	**$ 683**	**$ 7,501**

19. Income taxes

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

	Year ended December 31, 2018	Year ended December 31, 2017
Income tax expense (recovery) – current year	$ 52,417	$ (344,586)
Income tax expense (recovery)– prior year	(172,867)	459
Deferred tax expense (recovery)		
Deferred tax expense (recovery)– prior year	-	2,494
Origination and reversal of temporary differences in period	(857,219)	(3,640,852)
Total income taxes	**$ (977,669)**	**$ (3,982,485)**

(b) Reconciliation of effective tax rate

	Year ended December 31, 2018		Year ended December 31, 2017	
Profit/(Loss) before tax		**$2,052,493**		**$(15,333,908)**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	534,907	26.50%	(4,063,486)
Income and deferred tax expense (recovery) – prior year		(172,867)		2,953
Losses where no tax recognized	2.05%	41,431		-
Tax cost (benefit) of non-deductible expenses and non-taxable income	(68.42)%	(1,381,138)	(0.51%)	78,048
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate	**(39.87)%**	**$ (977,667)**	**25.99%**	**$(3,982,485)**

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.

(c) 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 December 31, 2018. The composition of the deferred tax asset at December 31, 2018 and December 31, 2017 was as follows:

Amounts recognized in statement of comprehensive income (loss)	**December 31, 2018**	**December 31, 2017**
Transaction costs on common shares issue and convertible debenture	$ (386,276)	$ (272,991)
Property and equipment	(280,210)	20,036
Tax losses carried forward	8,309,955	1,347,227
RTO expense	201,132	104,735
Unrealized gain on foreign exchange differences	(308,504)	(103,918)
Adjustments to fair value	879,685	7,038,640
Other temporary differences	367,846	1,109
	8,783,628	**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 December 31, 2018 and December 31, 2017	**$ 9,365,187**	**$ 8,716,397**

In Canadian dollars, for the year ended December 31, 2018

The effective tax rate used in determining the value of the deferred tax asset was 26.50%. The unrecognized deferred tax asset at December 31, 2018 was $1,498,428 (December 31, 2017; -). The deferred tax asset was not recognized as it was not probable that the tax entity where the deductible temporary differences were located in will have future taxable income.

(d) Tax losses carried forward

The amalgamation of LOGiQ and Grenville on June 7, 2018 resulted in an acquisition of control under the provisions of the Income Tax Act ("Act"). Under the provisions of the Act, all unrealized losses on the date of the acquisition of control became realized. As of June 7, 2018, there was $29,075,818 non-capital losses created bringing the total accumulated non-capital losses available for use to $33,522,798 with an expiry in 2037-2038. Based on a long-term financial plan prepared by management and considering the reversal of existing deductible and taxable temporary differences, the Company expects that all the available tax losses will be utilized before the expiry date. As a result, a deferred tax asset of $8,309,955 (December 31, 2017; $1,347,227) was recognized on tax losses carried forward.

20. 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	(255,918)	-	-	(255,918)
Balance at December 31, 2018	**$ 1,635,692**	**$ 333,000**	**$ 42,440**	**$ 2,011,132**
Current	493,110	-	-	493,110
Non-current	1,142,582	333,000	42,440	1,518,022

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 key unobservable input used in the calculation of the fair 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 for the Calgary space was renewed with an expiry date on March 30, 2022, 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 the fair value of the liability assumed. There have been no claims made under the indemnity.

21. Convertible debentures

	December 31, 2018	December 31, 2017
Convertible debenture - Series A	$ 16,667,633	$ 16,330,486
Convertible debenture - Series B	3,742,526	-
Ending Balance	**$ 20,410,159**	**$ 16,330,486**
Current	16,667,633	-
Non-current	3,742,526	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**"). On the maturity date, the Company can satisfy its repayment obligations, either in whole or in part, in cash or with freely tradeable shares of the Company. 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.

In Canadian dollars, for the year ended December 31, 2018

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 December 31, 2018	$	**17,156,000**
Balance at December 31, 2017	$	**17,250,000**
Liability		
Gross proceeds	$	17,250,000
Transaction costs		(1,343,425)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2017		1,184,225
Balance at December 31, 2017		**16,330,486**
Redemption of debentures for the year ended December 31, 2018		(94,000)
Accretion of finance expense for the year ended December 31, 2018		431,147
Balance at December 31, 2018	**$**	**16,667,633**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at December 31, 2018 and December 31, 2017	**$**	**558,831**

On the reverse acquisition as described in Note 6, 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 December 31, 2018	$	**5,127,590**
Liability		
Face value of the debenture	$	5,213,590
Accrued interest at June 7, 2018		158,280
Adjustment to recognize the fair value		(1,614,436)
Liability component initially recognized		3,757,434
Interest and accretion for the period from June 7, 2018 to December 31, 2018		435,448
Interest payment on June 30, 2018 and December 31, 2018		(364,356)
Redemption of debentures for the period from June 7, 2018 to December 31, 2018		(86,000)
Balance at December 31, 2018	**$**	**3,742,526**

Normal Course Issuer Bid ("NCIB")

On July 30, 2017, the Company announced a Normal Course Issuer Bid ("NCIB"), commencing August 2, 2018, to purchase up to $1,720,100 principal amount of the $17,250,000 principal amount Series A Debentures due December 31, 2019 and up to $521,000 principal amount of the $5,213,590 principal amount Series B Debentures due June 30, 2021 for cancellation. Both amounts represented 10% of the public float. The NCIB for both the Series A Debentures and Series B Debentures will terminate upon the earliest of (i) August 1, 2019, (ii) the Company providing notice of termination and (iii) the Company purchasing $1,720,100 Series A Debentures and $521,000 Series B debentures. The details of the Series A Debenture and Series B Debenture purchased between August 2, 2018 and December 31, 2018 was as follows:

In Canadian dollars, for the year ended December 31, 2018

	Series A Debentures	Series B Debentures
Number repurchased	94,000	86,000
Weighted-average price per share	$ 0.9069	$ 0.75
Repurchase cost	$ 85,249	$ 63,750

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

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on convertible debentures		
Series A	$ 1,374,186	$ 1,380,000
Series B	206,114	-
	1,580,300	1,380,000
Accretion of finance expense for the period		
Series A	431,147	387,313
Series B	229,334	-
	660,481	387,313
Total	**$ 2,240,781**	**$ 1,767,313**

22. Deferred income

	December 31, 2018	December 31, 2017
Acquired through business acquisition **(Note 6**)	$ 863,187	$ -
Amortization **(Note 24)**	(113,187)	-
Ending Balance	**$ 750,000**	**$ -**
Current	250,000	-
Non-current	500,000	-

The amount relates to a fee received following termination of services contracts undertaken by LOGiQ. The fee is recognized as income over a period of five years as depending on certain circumstances, the Company may be obliged to return to using the services provided by the payor.

23. 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 December 31, 2018 were 86,786,764.

As part of the reverse acquisition described in Note 6, 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 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 year ended December 31, 2018, 26,042 options were exercised resulting in 26,042 common shares issued and the receipt of $1,400 in cash.

In Canadian dollars, for the year ended December 31, 2018

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 **("Common Share 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 Common Share NCIB started on August 2, 2018 and runs until August 1, 2019. The Common Share NCIB will terminate upon the earliest of (i) August 1, 2019, (ii) the Company providing notice of termination and (iii) the Company purchasing 4,666,666 common shares. Between August 2 and December 31, 2018, 950,500 common shares were repurchased at a weighted-average price per share of $0.1410 for a total cost of $134,690.

Share warrants

The details of the share warrants outstanding at December 31, 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	4.50

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 plain 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	0.25
May 25, 2015	197,917	119,792	$1.69	May 25, 2020	1.39
September 21, 2015	156,250	78,125	$1.23	September 21, 2020	1.72
June 3, 2016	403,646	-	$0.85	June 3, 2021	2.42
November 18, 2016	403,646	52,083	$0.29	November 18, 2021	2.88
June 13, 2018	3,400,000	320,000	$0.18	June 13, 2023	4.45
December 4, 2018	2,000,000	-	$0.18	December 4, 2023	4.93
Total	**7,066,667**	**1,075,208**			
Weighted average exercise price	**$0.3454**	**$0.7961**		Weighted average remaining contractual life	**3.93**

Between June 6, 2018 and December 31, 2018, 5,400,000 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 December 31, 2018;

In Canadian dollars, for the year ended December 31, 2018

Assumption	
Expected stock price volatility	104.34%
Expected life	5
Risk free interest rate	1.82%
Expected dividend yield	0.33%
Weighted average fair value per option granted	$0.1300

24. Revenues

i) Income from investments at fair value

	Year ended December 31, 2018	**Year ended December 31, 2017**
Royalty and loan payment income		
Royalty payment income	$ 4,349,157	$ 4,522,313
Loan interest income	10,356	-
Promissory notes receivable payment income	238,037	170,595
Total	**$ 4,597,550**	**$ 4,692,908**
Foreign exchange gains (losses)		
Royalty agreements acquired	$ 588,503	$ (1,701,795)
Promissory notes receivable	135,092	(107,640)
Accounts receivable	64,761	-
Total	**$ 788,356**	**$ (1,809,435)**
Unrealized foreign exchange (loss) gain	$ 741,329	$ (1,808,635)
Realized foreign exchange gain	47,027	(800)
Total	**$ 788,356**	**$ (1,809,435)**
Realized gains (losses) from sale of investment		
Royalty agreements acquired	$ 407,646	$ 3,000,000
Promissory notes receivable	400,200	-
Equity securities in investee companies		
- gain recognized on sale	27,027	-
- loss recognized on sale	(1,105,642)	-
Loss on disposal of investment in joint venture	(11,706)	-
Total	**$ (282,475)**	**$ 3,000,000**
Realized losses from investments written-off		
Royalty agreements acquired	$ (17,932,127)	$ (6,374,634)
Promissory notes receivable	-	(869,635)
Equity securities in investee companies	-	(205,000)
Total	**$ (17,932,127)**	**$ (7,449,269)**
Adjustments to fair value		
Royalty agreements acquired	$ 14,973,890	$ (7,238,290)
Promissory notes receivable	(1,116,994)	711,665
Equity securities in investee companies	160,476	(2,527,254)
Total	**$ 14,017,372**	**$ (9,053,879)**
Unrealized gain from investment derecognized		
Unrealized gain from investment derecognized	$ -	$ 922,284
Total	**$ -**	**$ 922,284**

In Canadian dollars, for the year ended December 31, 2018

ii) ***Other income***

	Year ended December 31, 2018	Year ended December 31, 2017
Consulting and license fee income		
Consulting fee income	$ 1,390,906	$ -
License fee income	30,786	11,289
Total	**$ 1,421,692**	**$ 11,289**

The consideration for the consulting fee income of $1,390,906 for the year ended December 31, 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%

	Year ended December 31, 2018	Year ended December 31, 2017
Other fee income		
Global Partner fee income	$ 1,738,230	$ -
Amortization of deferred fee income **(Note 22)**	113,187	-
Total	**$ 1,851,417**	**$ -**
Other investment income and gains		
Interest income on invested cash and cash equivalents	$ 91,095	$ 83,009
Gain on repurchase of convertible debentures	29,500	-
Total	**$ 120,595**	**$ 83,009**

25. Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	$ 1,288,880	$ 1,227,262
Severance payment	10,000	-
Other benefits	27,279	54,837
Recruitment expense	95,300	8,312
Employer related costs for insurance, health tax	147,617	51,363
Salaries, benefits and other staffing costs	**1,569,076**	**1,341,774**
Share-based compensation **(Note 26**)	195,462	291,913
Total	$ 1,764,538	$ 1,633,687

26. Share-based compensation

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

	Year ended December 31, 2018	Year ended December 31, 2017
Expense recognized for services provided based on vesting conditions of stock options	**$ 195,462**	**$ 291,913**

In Canadian dollars, for the year ended December 31, 2018

27. Earnings/ (Loss) per share

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

	Year ended December 31, 2018	Year ended December 31, 2017
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ 3,030,163	$ (11,351,423)
Financing expense (**Note 21**) after tax at 26.5%	1,646,974	1,298,975
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	4,677,137	(10,052,448)
Basic weighted average number of shares outstanding	52,466,321	106,312,767
Diluted weighted average number of shares outstanding	66,944,650	133,741,120

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 years ended December 31, 2018 and December 31, 2017.

28. 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 as disclosed in Note 3. Segment information for the reporting periods was as follows:

	Year ended December 31, 2018		
	Flow Capital Growth Division	**Global Partners**	**Total**
Income from investments at fair value	$ 1,200,382	$ -	$ 1,200,382
Consulting and license fee income	1,421,692	-	1,421,692
Other fee income	-	1,851,417	1,851,417
Other income	82,710	37,885	120,595
Total revenues	**2,704,784**	**1,889,302**	**4,594,086**
Salaries, benefits and staffing costs	979,430	589,646	1,569,076
Restructuring costs	706,250	-	706,250
Management and facility fees	88,235	(3,907)	84,328
Share-based compensation	195,462	-	195,462
Amortization and depreciation	98,898	923,708	1,022,606
Professional fees	1,158,466	161,241	1,319,706
Office and general administrative	461,009	401,521	862,530
Operating expenses	**3,687,749**	**2,072,209**	**5,759,958**
Operating loss	**(982,965)**	**$ (182,907)**	**(1,165,872)**
Financing expense	1,805,294	435,487	2,240,781
Loss before income taxes	**(2,788,259)**	**(618,394)**	**(3,406,653)**
Current income tax expense (recovery)	(116,319)	(4,131)	(120,450)
Deferred tax expense (recovery)	(736,640)	(120,579)	(857,219)
Net loss	**$ (1,935,300)**	**$ (493,684)**	**$ (2,428,984)**

In Canadian dollars, for the year ended December 31, 2018

	Year ended December 31, 2017		
	Flow Capital Growth Division	**Global Partners**	**Total**
Income from investments at fair value	$ (9,697,391)	$ -	$ (9,697,391)
Consulting and license fee income	11,289	-	11,289
Other income	82,881	-	82,881
Total revenues	**(9,603,221)**	**-**	**(9,603,221)**
Salaries, benefits and staffing costs	1,341,774	-	1,341,774
Restructuring costs	-	-	-
Management and facility fees	157,959	-	157,959
Share-based compensation	291,913	-	291,913
Amortization and depreciation	41,483	-	41,483
Professional fees	1,320,324	-	1,320,324
Office and general administrative	809,921	-	809,921
Operating expenses	**3,963,374**	**-**	**3,963,374**
Operating profit (loss)	**(13,566,595)**	**-**	**(13,566,595)**
Financing expense	1,767,313	-	1,767,313
Profit (loss) before income taxes	**(15,333,908)**	**-**	**(15,333,908)**
Current income tax expense (recovery)	(344,127)	-	(344,127)
Deferred tax expense (recovery)	(3,638,358)	-	(3,638,358)
Net profit (loss)	**$ (11,351,423)**	**$ -**	**$ (11,351,423)**

For the year ended December 31, 2018, the bargain purchase gain of $5,459,147 was not allocated to any operating segment. This item is the reconciling amount between the total net loss recorded for both operating segments and the net profit of $3,030,163 included in the consolidated statements of comprehensive income (loss).

As at December 31, 2018, additions to non-current assets other than financial instruments and deferred tax assets, for the Global Partners division was $12,115,869, representing the intangible assets arising as a result of the business acquisition (**Notes 6 and 15**). There were no additions to non-current assets other than financial instruments and deferred tax assets, for the Flow Capital Growth Division as at December 31, 2018.

As at December 31, 2018, the Flow Capital Growth Division had paid $250,259 in expenses on behalf of the Global Partners division, for which they were fully reimbursed.

29. Changes in working capital items

	Year ended December 31, 2018	**Year ended December 31, 2017**
Royalty agreements acquired – current portion	$ (657,734)	$ 653,313
Accounts receivable and accrued income	679,332	-
Prepaid royalty	(251,871)	252,174
Provisions release	(255,917)	-
Deferred fee income	(113,187)	-
Prepaid expense and other receivables	1,048,800	(38,647)
Accounts payable and accrued liabilities	(949,792)	389,150
Total changes in working capital items	**$ (500,369)**	**$ 1,255,990**

30. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	December 31, 2018	**December 31, 2017**
Less than one year	$ 1,879,948	$ 87,333
Between one and five years	3,373,892	349,332
Over five years	-	80,055
Total	**$ 5,253,840**	**$ 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 December 31, 2018, the provision for onerous contracts was $1,635,692 (**Note 20**).

31. Events after the reporting period

Sale of royalty agreement with Agnity Global, Inc. ("Agnity") to Universal mCloud Corp. ("mCloud")

The Company announced on January 29, 2019, the closing of the sale of the royalty agreement with Agnity to mCloud (TSX-V: MCLD). The purchase price is $153,227 in United States dollars paid at close, $2,000,000 in United States dollars in the form of a senior secured note, plus $525,000 or 1.5 million mCloud shares, chosen at Flow's election, and another 3.5 million shares if certain milestones are met within the next six years. The senior secured note is for a term of up-to twelve months, paying monthly interest of $41,667 in United States dollars. Flow will receive the $525,000 or 1.5 million mCloud shares when the note is repaid. As at February 11, 2019, mCloud's share price was $0.345 per share.

32. Contingencies

As described in Note 6, 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 is 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.

In January 2019, the Company was served with a statement of claim on behalf of a former employee of Front Street Capital 2004. The claim is for damages and wrongful dismissal and relates back to the period prior to December 2016. On January 31, 2019, the Company have filed a Notice of Intent to Defend. This claim is over two years and as a result the amount of the losses, if any, cannot be reasonably determined at this time.

33. Related party disclosures

Key management personnel

	Year ended December 31, 2018	Year ended December 31, 2017
Short term employee benefits	$ 582,463	$ 915,759
Share-based compensation	137,503	257,693
Consultancy fees	321,699	273,235
Total	**$ 1,041,665**	**$ 1,446,687**

During the year ended December 31, 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.

The number of key management personnel as at December 31, 2018 was 8 (2017: 9) and are identified as the members of the board of directors and the officers of the Company.