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

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2018

(Unaudited)

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)
Consolidated Statements of Financial Position

(Canadian dollars)

	Note		June 30, 2018		December 31, 2017
Assets					
Current Assets					
Cash and cash equivalents	8	$	9,636,271	$	7,534,383
Accounts receivable and accrued income			1,198,243		-
Income tax recoverable			497,260		426,586
Investments at fair value – current portion	9		1,341,274		1,098,650
Prepaid expenses and other receivables			1,933,538		137,124
Total Current Assets			**14,606,586**		**9,196,743**
Non-Current Assets					
Property and equipment			270,265		288,916
Deferred tax asset	12		8,243,663		8,716,397
Equity-accounted investment in joint venture	10		13,688		-
Intangible assets	11		12,891,667		-
Investments at fair value – non-current portion	9		24,881,785		21,190,507
Total Non-Current Assets			**46,301,068**		**30,195,820**
Total Assets		**$**	**60,907,654**	**$**	**39,392,563**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	3,450,442	$	644,664
Deferred fee income – current portion			200,000		-
Provisions - current portion	13		463,295		-
Prepaid royalty payment income			124,484		251,872
Finance lease liability			3,492		3,560
Total Current Liabilities			**4,241,713**		**900,096**
Non-Current Liabilities					
Finance lease liability			997		3,941
Deferred fee income – non-current portion			650,000		-
Provisions – non-current portion	13		1,768,411		-
Convertible debentures	14		20,166,232		16,330,486
Total Non-Current Liabilities			**22,585,640**		**16,334,427**
Shareholders' Equity (Note 15)					
Share capital		$	56,068,331	$	50,261,640
Contributed surplus			1,126,816		1,010,960
Equity component of convertible debentures	14		558,831		558,831
Accumulated other comprehensive income			11,473		-
Accumulated deficit			(23,685,150)		(29,673,391)
Total Shareholders' Equity			**34,080,301**		**22,158,040**
Total Liabilities and Shareholders' Equity		**$**	**60,907,654**	**$**	**39,392,563**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on August 23, 2018.

"Vernon Lobo"
Vernon Lobo, Director

"Alan Torrie"
Alan Torrie, Director

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

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenues					
Income from investments at fair value					
Royalty and loan payment income	16	$ 1,129,882	$ 1,038,897	$ 2,174,318	$ 2,372,537
Foreign exchange (loss) gain	16	(27,233)	(528,646)	384,568	(1,213,178)
Realized gains from sale of investments	16	400,200	3,000,000	525,200	3,000,000
Realized loss from investments written-off	16	(5,428,912)	(2,149,669)	(5,428,912)	(7,294,270)
Adjustments to fair value	16	4,865,035	(4,379,337)	5,092,508	(3,343,039)
Unrealized gain from investment derecognized		-	922,284	-	922,284
Income (loss) from investments at fair value		938,972	(2,096,471)	2,747,682	(5,555,666)
Other income					
Share of joint venture profit, net of tax		3,525	(600)	13,688	(128)
Consulting and license fee income	16	1,407,459	6,829	1,416,787	7,642
Management and other fee income	16	195,831	-	195,831	-
Other interest income	16	19,248	22,834	41,395	38,485
Total Revenues		**2,565,035**	**(2,067,408)**	**4,415,383**	**(5,509,667)**
Operating Expenses					
Salaries, benefits and staffing costs	17	$ 266,680	$ 336,211	$ 610,301	$ 694,382
Restructuring costs		343,750	-	656,250	-
Management and facility fees		23,210	38,854	45,327	79,399
Share-based compensation	18	52,520	70,023	115,856	157,760
Depreciation and amortization		133,718	8,782	158,530	18,550
Professional fees		415,200	226,383	756,847	907,137
Office and general administrative		237,052	122,473	333,321	196,873
Total Operating Expenses		**1,472,130**	**802,726**	**2,676,432**	**2,054,101**
Operating Profit (Loss)		**$ 1,092,905**	**$ (2,870,134)**	**$ 1,738,951**	**$ (7,563,768)**
Bargain purchase (gain)	5	(5,459,147)	-	(5,459,147)	-
Financing expense	14	506,918	445,120	950,787	878,467
Profit (Loss) before income taxes		**6,045,134**	**(3,315,254)**	**6,247,311**	**(8,442,235)**
Income Taxes					
Current income tax expense (recovery)	12	$ (96,195)	$ 26,527	$ 26,168	$ 55,310
Deferred tax expense (recovery)	12	288,553	(885,573)	232,902	(2,249,053)
Total Income Tax Expense (Recovery)		**$ 192,358**	**$ (859,046)**	**$ 259,070**	**$ (2,193,743)**
Net Profit (Loss)		**$ 5,852,776**	**$ (2,456,208)**	**$ 5,988,241**	**$ (6,248,492)**
Other comprehensive income					
Foreign currency translation reserve		11,473	-	11,473	-
Total Comprehensive Income (Loss)		**$ 5,864,249**	**$ (2,456,208)**	**$ 5,999,714**	**$ (6,248,492)**
Earnings/(Loss) per share (Note 19)					
Basic earnings/(loss) per share		$ 0.0935	$ (0.0443)	$ 0.1015	$ (0.1128)
Diluted earnings/(loss) per share		$ 0.0808	$ (0.0443)	$ 0.0917	$ (0.1128)

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	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, January 1, 2017	**106,293,543**		**$ 50,260,965**	**$ -**	**$ 719,046**	**$ 558,831**	**$(18,321,968)**	**$ 33,216,874**
Stock options exercised	24,113		675	-	-	-	-	675
Share-based compensation	-	18	-	-	157,760	-	-	157,760
Comprehensive loss for the period	-		-	-	-	-	(6,248,492)	(6,248,492)
Balance, June 30, 2017	**106,317,656**		**$ 50,261,640**	**$-**	**$876,806**	**$ 558,831**	**$(24,570,460)**	**$27,126,817**
Balance, January 1, 2018			**$ 50,261,640**	**$ -**	**$ 1,010,960**	**$ 558,831**	**$(29,673,391)**	**$ 22,158,040**
Stock options exercised	-		1,250	-	-	-	-	1,250
Consideration for reverse acquisition	-	5	4,910,671	-	-	-	-	4,910,671
Subscription receipts less issuing costs	-	15	894,770	-	-	-	-	894,770
Share-based compensation	-	18	-	-	115,856	-	-	115,856
Foreign currency translation	-		-	11,473	-	-	-	11,473
Net profit for the period	-		-	-	-	-	5,988,241	5,988,241
Balance, June 30, 2018	**82,678,532**		**$ 56,068,331**	**$11,473**	**$1,126,816**	**$ 558,831**	**$(23,685,150)**	**$34,080,301**

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities					
Profit/(Loss) before income taxes		$ 6,045,134	$ (3,315,254)	$ 6,247,311	$ (8,442,235)
Adjustments for non-cash items					
Share-based compensation	18	52,520	70,023	115,856	157,760
Bargain purchase gain	5	(5,459,147)	-	(5,459,147)	-
Amortization of intangible asset		108,333	-	108,333	-
Share-based consulting fee income	16	(1,390,906)	-	(1,390,906)	-
Share of Joint venture loss (profit)	10	(3,527)	600	(13,688)	128
Depreciation		25,385	8,782	50,197	18,550
Adjustments relating to investments at fair value					
Unrealized foreign exchange loss (gain)	16	80,387	538,780	(336,125)	1,223,311
Adjustments to fair value	16	(4,865,035)	4,379,337	(5,092,508)	3,343,039
Unrealized gain from investment derecognized		-	(922,284)	-	(922,284)
Realized loss on investments written-off	16	5,428,912	2,149,669	5,428,912	7,294,269
New investments	9	(2,095,884)	(3,696,528)	(3,045,884)	(3,794,658)
Sale and redemption of investments	9	407,943	2,000,000	551,311	2,194,055
Other Adjustments					
Financing expense	14	506,918	445,120	950,787	878,467
Income tax (paid) recovery		101,831	(127,914)	(22,133)	(241,368)
Changes in working capital items	21	(331,109)	535,697	(76,668)	765,478
Net Cash Flows generated from (used in) Operating Activities		**(1,388,245)**	**2,066,028**	**(1,984,352)**	**2,474,512**
Cash flows from financing activities					
Exercise of stock options		$ 1,250	$ -	$ 1,250	$ 675
Issue of shares for reverse acquisition	5	4,910,671	-	4,910,671	-
Finance lease payments		(2,156)	(964)	(3,011)	(2,760)
Debenture interest paid	14	(872,475)	(690,000)	(872,475)	(690,000)
Common share subscription receipts	15	894,770	-	894,770	-
Net Cash flows from Financing Activities		**4,932,060**	**(690,964)**	**4,931,205**	**(692,085)**
Cash flows from investing activity					
Reverse acquisition net of cash acquired	5	$ (811,857)	$ -	$ (811,857)	$ -
Purchase of property and equipment		(5,474)	-	(33,108)	-
Net Cash flows from Investing Activities		**(817,331)**	**-**	**(844,965)**	**-**
Net increase in cash during the period		**2,726,484**	**1,375,064**	**2,101,888**	**1,782,427**
Cash and cash equivalents, beginning of period		6,909,787	6,609,775	7,534,383	6,202,412
Cash and cash equivalents, end of period	**8**	**$ 9,636,271**	**$ 7,984,839**	**$ 9,636,271**	**$ 7,984,839**

See accompanying notes to financial statements.

In Canadian dollars, for the six months ended June 30, 2018

1. Corporate information and reporting entity

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

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

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

2. Basis of presentation

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

The Company changed from this reporting period how revenues are presented in the Statements of Comprehensive Income. 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.

Prior to the current reporting period, the Company revenues were generated solely from financial instruments and IFRS 15 *Revenue from Contracts with Customers* **("IFRS 15")** was not expected to be in scope. As described in note 5, certain assets were acquired that generate fees from management contract that fall under the scope of IFRS 15. The Company expect that these management fees will be recognized as revenue when earned.

Statement of compliance

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

The financial statements were approved and authorized by the Board of Directors on August 23, 2018.

3. Significant accounting judgements, estimates, and assumptions

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

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

Business Combinations

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

Royalty agreements acquired

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

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

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

Fair value of stock options and warrants

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

Income taxes

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

4. Standards issued but not yet effective

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

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

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

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

In Canadian dollars, for the six months ended June 30, 2018

5. Business acquisition

Reverse acquisition of LOGiQ Asset Management Inc.

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

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

Consideration		
327,378,042 common shares outstanding at $0.015 per share	$	4,910,671
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	$	4,098,814
Accounts receivable and accrued income		1,507,336
Current income tax recoverable		74,708
HST recoverable		687,280
Prepaid expense and other receivables		928,044
Intangible asset – Global Partner management contracts **(note 11)**		13,000,000
Accounts payable and accrued liabilities		(2,798,861)
Deferred fee income		(863,187)
Provisions **(note 13)**		(2,267,050)
Convertible debentures **(note 14)**		(3,757,434)
Deferred tax liability		(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.

Intangible asset – Global Partner management contracts

The valuation of the intangible asset was valued at a multiple of just over 7.5 times the gross revenue less direct costs in respect of the acquired contracts. The valuation also considered inputs from third parties who were looking to purchase the management 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 management contracts was determined to be eight years, with the management contracts to be amortized on 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.

In Canadian dollars, for the six months ended June 30, 2018

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 six months ended June 30, 2018, transaction costs of $345,393 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 six months ended June 30, 2018, the acquisition has contributed $196,181 to revenues and a loss of $39,655 to the net and comprehensive income.

Reverse acquisition net of cash acquired

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

6. Fair values

a) Valuation Technique

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

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

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

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

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

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

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	Total	Level 1	Level 2	Level 3
June 30, 2018				
Cash and cash equivalents	$ 9,636,271	$ 9,636,271	$ -	$ -
Royalty agreements acquired	20,636,738	-	-	20,636,738
Promissory notes receivable	1,119,280	-	-	1,119,280
Equity securities in investee companies	4,467,041	2,049,602	-	2,417,439
	$ 35,859,330	**$ 11,685,873**	**$ -**	**$ 24,173,457**

In Canadian dollars, for the six months ended June 30, 2018

	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**

There were no transfers between Level 1, Level 2 and Level 3 during the six months ended June 30, 2018. For the year ended December 31, 2017, there was $1,094,796 transferred from royalty agreements acquired under Level 3 into equity securities in investee companies under Level 1.

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

	Balance at January 1, 2018	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at June 30, 2018
Royalty agreements acquired	$18,683,489	$253,693	$2,850,667	$(1,125,000)	$(26,111)	-	$20,636,738
Equity securities in investee companies	4,050	-	2,413,389	-	-	-	2,417,439
Promissory notes receivable	2,506,822	(987,342)	-	(400,200)	-	-	1,119,280
Total	**$ 21,194,361**	**$ (733,649)**	**$5,264,056**	**$(1,525,200)**	**$(26,111)**	**-**	**$ 24,173,457**

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

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

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

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

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

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 June 30, 2018	Fair Value June 30, 2018	Carrying Amount December 31, 2017	Fair Value December 31, 2017
Financial liabilities				
Accounts payable and accrued liabilities	$ 3,450,442	$ 3,450,442	$ 644,664	$ 644,664
Convertible debentures	20,166,232	18,297,873	16,330,486	13,627,500
Total Financial Liabilities	**$ 23,616,674**	**$ 21,748,315**	**$ 16,975,150**	**$ 14,292,164**

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

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

7. Financial risk management objectives and policies

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

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

Market risk

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

Interest rate risk

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

Equity price risk

In certain circumstances, the Company may exchange the royalty investments for equity instruments in the investee company. The Company held a significant equity security in three investees, two of which the shares 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 fair value of the unlisted equity security was classified as a Level 3 asset and was measured by reference to cost and the most recent activity in that share. The equity price risk exposure at June 30, 2018 was $4,467,041 (December 31, 2017: $1,098,846) and a 1% change in the share price has an impact of $44,670 (December 31, 2017: $10,988) on the results.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Starting in 2014, the Company has foreign currency exposures to receivables in United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company continually monitors its translation exposure and its related impact on reported results. The foreign exchange exposure at June 30, 2018 was $12,992,938 (December 31, 2017: $10,129,642) United States dollars and a 1% movement in the exchange rate has an impact of $129,929 (December 31, 2017: $101,296) on the Company's results.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company enters into royalty arrangements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. This can take the form of a royalty or promissory note, without limitation. The carrying amount of cash, and investments at fair value, excluding equity securities in investee companies, represents the maximum exposure to credit risk. The maximum exposure at June 30, 2018 was $31,497,737 (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 June 30, 2018 and December 31, 2017 respectively:

In Canadian dollars, for the six months ended June 30, 2018

Contractual obligations	< 1 year	1-2 years	3-5 years	Total
Accounts payable and accrued liabilities	$3,450,442	$ -	$ -	$ 3,450,442
Finance Lease Liability	3,492	997	-	4,489
Convertible debenture	-	17,250,000	5,213,590	22,463,590
Total	**$3,453,934**	**$17,250,997**	**$5,213,590**	**$ 25,918,521**

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

Capital management
The Company manages its capital with the primary objective of safeguarding it while providing sufficient working capital to sustain day-to-day operations. An important source of capital for the Company will continue to be from royalty payment income, realized gains on contract buyouts and management fees. For the year ended December 31, 2017, the realized gain on a contract buyout was $3,000,000 and for the six months ended June 30, 2018, the realized gain was $525,200.

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

8. Cash and cash equivalents

	June 30, 2018	December 31, 2017
Cash held in bank accounts	$ 4,805,815	$ 1,664,157
Canadian treasury bill maturing less than three months	254,205	-
Guaranteed investment certificates cashable at any time	4,576,251	5,870,226
	$ 9,636,271	**$ 7,534,383**

Included in the guaranteed investment certificates was $170,109 (December 31, 2017: $170,226) that was held as collateral for security purposes.

9. Investments at fair value

a) At fair value through profit and loss

Royalty agreements acquired	**June 30, 2018**	**December 31, 2017**
Due within 1 year	$ 221,994	$ 95,050
Due after more than 1 year	20,414,744	18,588,439
Total	**$ 20,636,738**	**$ 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	**June 30, 2018**	**December 31, 2017**
Due within 1 year	$ -	$ -
Due after more than 1 year	4,467,041	1,098,846
Total	**$ 4,467,041**	**$ 1,098,846**

Promissory notes receivable	**June 30, 2018**	**December 31, 2017**
Due within 1 year	$ 1,119,280	$ 1,003,600
Due after more than 1 year	-	1,503,222
Total	**$ 1,119,280**	**$ 2,506,822**
Total carrying amount of investments at fair value	**$ 26,223,059**	**$ 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 at June 30, 2018 was $7,012,139 (December 31, 2017: $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 June 30, 2018 was nil (December 31, 2017: nil).

In Canadian dollars, for the six months ended June 30, 2018

The Company announced on June 21, 2018, that it had entered into a binding agreement to sell its royalty agreement with Agnity Global to Universal mCloud Corp ("mCloud") (TSX-V: MCLD). mCloud will pay Flow Capital US$2,000,000 in cash and 1,500,000 in mCloud common shares at close, and another 3,500,000 common shares if certain milestones are met. As at August 23, 2018, mCloud's share price was $0.56 per share.

b) Equity securities in investee companies

	Cost June 30, 2018	Carrying amount June 30, 2018	Cost December 31, 2017	Carrying Amount December 31, 2017
Common shares				
Lattice Biologics Ltd	$ 3,622,050	$ 1,642,194	$ 3,622,050	$ 1,094,796
Inner Spirit Holdings Ltd.	1,004,050	1,004,050	4,050	4,050
Boardwalktech Software Corp.	172,734	407,408	-	-
Warrants				
Boardwalktech Software Corp.	1,365,572	1,365,572	-	-
DionyMed Holdings Inc.	47,817	47,817	-	-
Total	**$ 6,212,223**	**$ 4,467,041**	**$ 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 of August 23, 2018,, Inner Spirit's share price was $0.23 and the holding represented a total value of $3,324,650.

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. The warrants are not publicly traded or listed on any stock exchange.

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

Expected stock price volatility	83.76%
Expected life	1.5 years
Risk free interest rate	1.72%
Expected dividend yield	0%

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

Expected stock price volatility	83.76%
Expected life	1.5 years
Risk free interest rate	1.83%
Expected dividend yield	0%

c) Movement during the period

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

In Canadian dollars, for the six months ended June 30, 2018

	Six months ended June 30, 2018			
	Royalty agreement acquired	**Equity securities in investee companies**	**Promissory notes receivable**	**Total**
Starting balance	**$ 18,683,489**	**$ 1,098,846**	**$ 2,506,822**	**$ 22,289,157**
New investments during the period	2,850,667	195,217	-	3,045,884
Contract buyout	(125,000)	-	(400,200)	(525,200)
Royalty investment converted into equity	(1,000,000)	1,000,000	-	-
Investments written-off	(5,042,100)	-	-	(5,042,100)
Warrants earned through services provided	-	1,390,906	-	1,390,906
Redemptions and contract buydowns	(26,111)	-	-	(26,111)
Royalty earned and payments received - net	52,858	-	-	52,858
Royalty payment written-off	(386,813)	-	-	(386,813)
Foreign exchange movements	232,668	-	129,652	362,320
Adjustment to fair value	5,397,080	782,072	(1,116,994)	5,062,158
Ending balance	**$ 20,636,738**	**$ 4,467,041**	**$ 1,119,280**	**$ 26,223,059**

	Year ended December 31, 2017			
	Royalty agreement acquired	**Equity securities in investee companies**	**Promissory notes receivable**	**Total**
Starting balance	**$ 35,547,001**	**$ -**	**$ 2,015,378**	**$ 37,562,379**
New investments during the period	4,218,633	4,050	829,665	5,052,348
Contract buyout	(2,000,000)	-	-	(2,000,000)
Royalty investment converted into equity	(2,683,000)	2,683,000	-	-
Royalty payment converted into equity	(1,144,050)	1,144,050	-	-
Investments written-off	(5,465,000)	(205,000)	(869,635)	(6,539,635)
Redemptions and contract buydowns	(232,758)	-	-	(232,758)
Royalty earned and payments received - net	974,233	-	-	974,233
Royalty payment written-off	(959,634)	-	-	(959,634)
Foreign exchange movements	(1,622,279)	-	(180,251)	(1,802,530)
Adjustment to fair value	(7,949,657)	(2,527,254)	711,665	(9,765,246)
Ending balance	**$ 18,683,489**	**$ 1,098,846**	**$ 2,506,822**	**$ 22,289,157**

10. Equity-accounted investment in joint venture

	June 30, 2018	**December 31, 2017**
Interest in Foregrowth-Grenville Investments Inc. ("FGII")	**$ 13,688**	$ -

The following table summarizes the financial information of FGII as included in its own financial statements and reconciles the summarized financial information to the carrying amount of the Company's interest in FGII;

	June 30, 2018	**December 31, 2017**
Percentage ownership interest	15	15
Royalty agreements acquired	$ 733,160	$ 779,306
Current assets (including cash and cash equivalents of 2018: $125,676 - 2017: $721,558)	140,490	721,558
Current liabilities (including trade and other payables of 2018: $3,000 - 2017: $45,005)	(44,869)	(55,780)
Non-current liabilities (including notes payable of 2018: $737,530 - 2017: $1,459,073)	(737,530)	(1,448,656)
Net assets	**$ 91,251**	**$ (3,572)**
Company's share of net assets (15%) and carrying amount of interest	**$ 13,688**	**$ -**

In Canadian dollars, for the six months ended June 30, 2018

	Six months Ended June 30, 2018	Six months Ended June 30, 2017
Revenue	$ 173,560	$ 46,215
Operating expenses (including license fee paid to the Company of 2018: $3,459 - 2017: $9,163)	(3,459)	(9,163)
Interest expense	(41,311)	(45,564)
Income tax recovery (expense)	(33,966)	2,137
Profit and total comprehensive income	**$ 94,824**	**$ (6,375)**
Company's share of profit and total comprehensive income (15%)	**$ 14,224**	**$ -**
Dividends received by the Company	**$ -**	**$ -**

11. Intangible assets

Intangible assets consist of Global Partner management contracts that have a finite life.

	June 30, 2018	December 31, 2017
Acquired through business acquisition	$ 13,000,000	$ -
Amortization	(108,333)	-
Ending Balance	**$ 12,891,667**	**$ -**

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.

12. Income taxes

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Income tax expense (recovery) – current year	$ (96,195)	$ 26,068	$ 26,168	$ 54,851
Income tax expense – prior year	-	459	-	459
Deferred tax expense (recovery)				
Origination and reversal of temporary differences in period	288,553	(885,573)	232,902	(2,249,053)
Total income taxes	**$ 192,358**	**$ (859,046)**	**$ 259,070**	**$ (2,193,743)**

(b) Reconciliation of effective tax rate

	Six months ended June 30, 2018		Six months ended June 30, 2017	
Profit/(Loss) before tax		**$ 6,247,312**		**$ (8,442,235)**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	1,655,538	26.50%	(2,237,192)
Income tax expense (recovery) – prior year		-		459
Tax cost (benefit) of non-deductible expenses and non-taxable income	(22.35%)	(1,396,468)	(0.51%)	42,990
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate	**4.15%**	**$ 259,070**	**25.99%**	**$ (2,193,743)**

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.

In Canadian dollars, for the six months ended June 30, 2018

(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 June 30, 2018. The composition of the deferred tax asset at June 30, 2018 and December 31, 2017 was as follows:

Amounts recognized in statement of comprehensive income (loss)	**June 30, 2018**	**December 31, 2017**
Transaction costs on common shares issue and convertible debenture	$ (332,120)	$ (272,991)
Property and equipment	33,317	20,036
Tax losses available	685,004	1,347,227
RTO expense	195,175	104,735
Unrealized gain on foreign exchange differences	(192,992)	(103,918)
Adjustments to fair value	7,512,440	7,038,640
Other temporary differences	(238,720)	1,109
	7,662,104	**8,134,838**
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	783,042	783,042
	581,559	**581,559**
Balance at June 30, 2018 and December 31, 2017	**$ 8,243,663**	**$ 8,716,397**

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

13. Provisions

	Onerous contracts	Retail funds indemnity	Other	Total
Assumed through business acquisition	$ 1,891,610	$ 333,000	$ 42,440	$ 2,267,050
Utilized during the period	(35,344)	-	-	(35,344)
Balance at June 30, 2018	**$ 1,856,266**	**$ 333,000**	**$ 42,440**	**$ 2,231,706**
Current	463,295	-	-	463,295
Non-current	1,392,971	333,000	42,440	1,768,411

Onerous contracts

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

Retail funds indemnity

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

14. Convertible debentures

	June 30, 2018	December 31, 2017
Convertible debenture - Series A	$ 16,540,283	$ 16,330,486
Convertible debenture - Series B	3,625,949	-
Ending Balance	**$ 20,166,232**	**$ 16,330,486**

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

In Canadian dollars, for the six months ended June 30, 2018

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

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

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

Principal		
Balance at June 30, 2018 and 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**
Accretion of finance expense for the six months ended June 30, 2018		209,797
Balance at June 30, 2018		**16,540,283**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at June 30, 2018 and December 31, 2017		**558,831**

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

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

Principal		
Balance at June 30, 2018	$	**5,213,590**
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 June 30, 2018		50,990
Interest payment on June 30, 2018		(182,475)
Balance at June 30, 2018		**3,625,949**

In Canadian dollars, for the six months ended June 30, 2018

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Interest expense on convertible debentures				
Series A	$ 345,000	$ 345,000	$ 690,000	$ 690,000
Series B	24,195	-	24,195	-
	369,195	345,000	714,195	690,000
Accretion of finance expense for the period				
Series A	110,928	100,120	209,797	188,467
Series B	26,795	-	26,795	-
	137,723	100,120	236,592	188,467
Total	**$ 506,918**	**$ 445,120**	**$ 950,787**	**$ 878,467**

15. Share capital and other components of equity

Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at June 30, 2018 were 82,678,533.

As part of the reverse acquisition described in Note 5, LOGiQ issued 664,764,363 common shares to the shareholders of Grenville in exchange for all the outstanding shares of Grenville based on an exchange rate of 6.25 leaving 992,142,405 of outstanding common shares. The amount recognized for the issue of the 664,764,363 common shares was $4,910,671. On June 7, 2018, following the amalgamation of LOGiQ and Grenville, the board of directors of Flow Capital approved to consolidate 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 and there were no further shares issued between June 7, 2018, and June 30, 2018.

For the purposes of the presentation in these financial statements, no transactions during the six months period ended June 30, 2018 are shown and as at June 30, 2018, 82,678,533 is shown as issued and outstanding.

As described in note 23, the Company announced the closing of a non-brokered private placement. 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. The Company received the aggregate gross proceeds of $905,884 during the reporting period and this amount net of $11,114 transaction costs is shown under share capital in the consolidated statements of changes in equity.

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.

In Canadian dollars, for the six months ended June 30, 2018

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
February 19, 2014	69,895	69,895	$0.05	August 1, 2018	0.08
April 3, 2014	505,208	505,208	$0.96	April 3, 2019	0.76
May 25, 2015	197,917	119,792	$1.69	May 25, 2020	1.90
July 10, 2015	390,625	390,625	$1.67	January 31, 2019	0.59
September 21, 2015	156,250	78,125	$1.23	September 21, 2020	2.22
June 3, 2016	403,646	-	$0.85	June 3, 2021	2.93
November 18, 2016	611,979	156,250	$0.29	November 18, 2021	3.39
June 13, 2018	3,600,000	-	$0.18	June 13, 2023	4.95
Various	20,417	-		September 15, 2018	0.21
Total	**5,955,937**	**1,319,895**			
Weighted average exercise price	**$ 0.4773**	**$ 1.1248**		**Weighted average remaining contractual life**	**3.78**

Between June 6, 2018 and June 30, 2018, 3,600,000 options were granted and 1,561,632 options expired and forfeited. Of the 1,561,32 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 June 30, 2018.

Assumption	
Expected stock price volatility	44.44%
Expected life	4.98
Risk free interest rate	1.08%
Expected dividend yield	1.97%
Weighted average fair value per option granted	$0.1520

16. Revenues

i) Income from investments at fair value

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Royalty and loan payment income				
Royalty payment income	$ 1,109,601	$ 1,025,534	$ 2,115,050	$ 2,358,762
Promissory notes receivable payment income	20,281	13,363	59,268	13,775
Total	**$ 1,129,882**	**$ 1,038,897**	**$ 2,174,318**	**$ 2,372,537**
Foreign exchange gains (losses)				
Royalty agreements acquired	$ (72,985)	$ (480,757)	$ 269,076	$ (1,101,064)
Promissory notes receivable	45,752	(47,889)	115,492	(112,114)
Total	**$ (27,233)**	**$ (528,646)**	**$ 384,568**	**$ (1,213,178)**
Unrealized foreign exchange (loss) gain	$ (80,387)	$ (538,780)	$ 336,125	$ (1,223,311)
Realized foreign exchange gain	53,154	10,134	48,443	10,133
	$ (27,233)	**$ (528,646)**	**$ 384,568**	**$ (1,213,178)**

In Canadian dollars, for the six months ended June 30, 2018

Realized gains from sale of investment								
Royalty agreements acquired	$	-	$	3,000,000	$	125,000	$	3,000,000
Promissory notes receivable		400,200		-		400,200		-
Equity securities in investee companies		-		-		-		-
Total	**$**	**400,200**	**$**	**3,000,000**	**$**	**525,200**	**$**	**3,000,000**
Realized losses from investments written-off								
Royalty agreements acquired	$	(5,428,912)	$	(2,149,669)	$	(5,428,912)	$	(6,424,635)
Promissory notes receivable		-		-		-		(869,635)
Equity securities in investee companies		-		-		-		-
Total	**$**	**(5,428,912)**	**$**	**(2,149,669)**	**$**	**(5,428,912)**	**$**	**(7,294,270)**
Adjustments to fair value								
Royalty agreements acquired	$	5,017,491	$	(2,741,879)	$	5,427,430	$	(2,417,246)
Promissory notes receivable		(1,116,994)		-		(1,116,994)		711,665
Equity securities in investee companies		964,538		(1,637,458)		782,072		(1,637,458)
Total	**$**	**4,865,035**	**$**	**(4,379,337)**	**$**	**5,092,508**	**$**	**(3,343,039)**

ii) ***Other income***

		Three months ended June 30, 2018		Three months ended June 30, 2017		Six months ended June 30, 2018		Six months ended June 30, 2017
Consulting and license fee income								
Consulting fee income	$	1,390,906	$	-	$	1,390,906	$	-
License fee income		16,553		6,829		25,881		7,642
Total	**$**	**1,407,459**	**$**	**6,829**	**$**	**1,416,787**	**$**	**7,642**

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

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

		Three months ended June 30, 2018		Three months ended June 30, 2017		Six months ended June 30, 2018		Six months ended June 30, 2017
Management and other fee income								
Global Partner management fees	$	182,644	$	-	$	182,644	$	-
Amortization of deferred fee income		13,187		-		13,187		-
Total	**$**	**195,831**	**$**	**-**	**$**	**195,831**	**$**	**-**

		Three months ended June 30, 2018		Three months ended June 30, 2017		Six months ended June 30, 2018		Six months ended June 30, 2017
Other interest income								
Interest income on invested cash and cash equivalents	**$**	**19,248**	**$**	**22,834**	**$**	**41,395**	**$**	**38,485**

In Canadian dollars, for the six months ended June 30, 2018

17. Employee benefit expense

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Wages and salaries	$ 215,759	$ 308,350	$ 467,837	$ 632,834
Severance payment	-	-	10,000	-
Other benefits	4,565	14,843	14,100	27,546
Recruitment expense	35,200	8,000	95,300	8,000
Employer related costs for insurance, health tax	11,156	5,018	23,064	26,002
Salaries, benefits and other staffing costs	**266,680**	**336,211**	**610,301**	**694,382**
Share-based compensation (**Note 18**)	52,520	70,023	115,856	157,760
Total	$ 319,200	$ 406,234	$ 726,157	$ 852,142

18. Share-based compensation

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Expense recognized for services provided based on vesting conditions of stock options (**Note 15**)	**$ 52,520**	**$ 70,023**	**$ 115,856**	**$ 157,760**

19. Earnings/ (Loss) per share

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ 5,852,776	$ (2,456,208)	$ 5,988,241	$ (6,248,364)
Financing expense (**Note 14**) after tax at 26.5%	372,585	327,163	698,828	645,673
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	6,225,361	(2,129,045)	6,687,069	(5,602,691)
Basic weighted average number of shares outstanding	62,592,152	55,397,030	59,014,467	55,397,030
Diluted weighted average number of shares outstanding	77,043,805	69,938,229	72,922,125	69,938,229

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

20. Operating segment information

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

In Canadian dollars, for the six months ended June 30, 2018

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. Segment information for the reporting periods was as follows:

	Three months ended June 30, 2018		
	Flow Capital Investment Division	Global Partners	Total
Income from investments at fair value	$ 938,972	$ -	$ 938,972
Consulting and license fee income	1,407,459	-	1,407,459
Management and other fee income	-	195,831	195,831
Other income	22,425	350	22,775
Total revenues	**$ 2,368,856**	**$ 196,181**	**$ 2,565,037**
Salaries, benefits and staffing costs	221,822	44,858	266,680
Restructuring costs	343,750	-	343,750
Management and facility fees	22,140	1,070	23,210
Share-based compensation	52,520	-	52,520
Amortization and depreciation	25,385	108,333	133,718
Professional fees	363,820	51,380	415,200
Office and general administrative	206,858	30,195	237,053
Operating expenses	**1,236,295**	**235,836**	**1,472,131**
Operating profit (loss)	**$ 1,132,561**	**$ (39,655)**	**$ 1,092,906**

	Three months ended June 30, 2017		
	Flow Capital Investment Division	Global Partners	Total
Income from investments at fair value	$ (2,096,471)	$ -	$ (2,096,471)
Consulting and license fee income	6,829	-	6,829
Management and other fee income	-	-	-
Other income	22,234	-	22,234
Total revenues	**$ (2,067,408)**	**$ -**	**$ (2,067,408)**
Salaries, benefits and staffing costs	336,211	-	336,211
Management and facility fees	38,854	-	38,854
Share-based compensation	70,023	-	70,023
Amortization and depreciation	8,782	-	8,782
Professional fees	226,383	-	226,383
Office and general administrative	122,473	-	122,473
Operating expenses	**802,726**	**-**	**802,726**
Operating profit (loss)	**$ (2,870,134)**	**$ -**	**$ (2,870,134)**

	Six months ended June 30, 2018		
	Flow Capital Investment Division	Global Partners	Total
Income from investments at fair value	$ 2,747,682	$ -	$ 2,747,682
Consulting and license fee income	1,416,787	-	1,416,787
Management and other fee income	-	195,831	195,831
Other income	54,733	350	250,914
Total revenues	**$ 4,219,202**	**$ 196,181**	**$ 4,415,383**
Salaries, benefits and staffing costs	565,443	44,858	610,301
Restructuring costs	656,250	-	656,250
Management and facility fees	44,257	1,070	45,327
Share-based compensation	115,856	-	115,856

In Canadian dollars, for the six months ended June 30, 2018

Amortization and depreciation	50,197	108,333	158,530
Professional fees	705,467	51,380	756,847
Office and general administrative	303,126	30,195	333,321
Operating expenses	**2,440,596**	**235,836**	**2,676,432**
Operating profit (loss)	**$ 1,778,606**	**$ (39,655)**	**$ 1,738,951**

	Six months ended June 30, 2017		
	Flow Capital Investment Division	**Global Partners**	**Total**
Income from investments at fair value	$ (5,555,666)	$ -	$ (5,555,666)
Consulting and license fee income	7,642	-	7,642
Other income	38,357	-	38,357
Total revenues	**$ (5,509,667)**	**$ -**	**$ (5,509,667)**
Salaries, benefits and staffing costs	694,382	-	694,382
Restructuring costs	-	-	-
Management and facility fees	79,399	-	79,399
Share-based compensation	157,760	-	157,760
Amortization and depreciation	18,550	-	18,550
Professional fees	907,137	-	907,137
Office and general administrative	196,873	-	196,873
Operating expenses	**2,054,101**	**-**	**2,054,101**
Operating profit (loss)	**$ (7,563,768)**	**$ -**	**$ (7,563,768)**

21. Changes in working capital items

	Three months ended June 30, 2018	**Three months ended June 30, 2017**	**Six months ended June 30, 2018**	**Six months ended June 30, 2017**
Royalty agreements acquired – current portion	$ (144,670)	$ 547,675	$ (58,334)	$ 657,316
Accounts receivable and accrued income	309,093	-	309,093	-
Prepaid royalty	(64,903)	-	(127,387)	-
Provisions	(35,344)	-	(35,344)	-
Deferred fee income	(13,187)	-	(13,187)	-
Prepaid expense and other receivables	(157,953)	(25,203)	(136,234)	(54,837)
Accounts payable and accrued liabilities	(224,145)	13,225	(15,275)	162,999
Total changes in working capital items	**$ (331,109)**	**$ 535,697**	**$ (76,668)**	**$ 765,478**

22. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	June 30, 2018	**December 31, 2017**
Less than one year	$ 1,959,109	$ 87,333
Between one and five years	4,233,145	349,332
Over five years	36,389	80,055
Total	**$ 6,228,643**	**$ 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 June 30, 2018, the provision for onerous contracts was $1,856,266 (**note 13**).

23. Events after the reporting period

Investments

On July 24, 2018, the Company announced that it will provide a $1,000,000 secured line of credit to Solar Brokers Canada Corp. (“Solar Brokers”) and its affiliate Green Lion Eco Group Corp. (“Green Lion”). In addition to the line of credit, the Company has also become a shareholder of Solar Brokers and Green Lion. The Company will provide financial and strategic advice to the companies and will have the right to a seat on the companies' boards of directors.

In Canadian dollars, for the six months ended June 30, 2018

Private placement
On July 5, 2018, the Company announced a non-brokered private placement (the "**Offering**") had been closed. Under the Offering, the Company issued 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. 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.

Conclusion of joint venture
The Company announced on August 8, 2018, the conclusion of the joint venture agreement with Foregrowth Holdco Inc. The Company has divested its 15% shareholding in FGII for no consideration. The Company acquired 79% of FGII's share of the five royalty investments made by FGII for $575,191. The five royalty investments consist of Expert Homes, eScribe, Factor75, Medworxs and Hybrid Financial.

Inner Spirit Holdings Ltd ("Inner Spirit")
The Company holds 14,455,000 common shares of Inner Spirit and $1,004,050 was the value recognized for this holding as at June 30, 2018. On July 30, 2018, Inner Spirit became listed on the Canadian Securities Exchange (the "CSE"). As of August 23, 2018, Inner Spirit's share price was $0.23 representing a total value of $3,324,650 for the holding.

24. Contingencies

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

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

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

25. Related party disclosures

Key management personnel

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Short term employee benefits	$ 138,909	$ 225,772	$ 300,578	$ 465,619
Share-based compensation	25,458	62,814	50,916	130,640
Consultancy fees	79,560	68,432	149,351	137,068
Total	**$ 243,927**	**$ 357,018**	**$ 500,845**	**$ 733,327**

During the six months ended June 30, 2018, an employee who was included in key management personnel in previous reporting periods ceased to be an employee of the Company. The Company has recognized an expense of $312,500 in respect of the termination of the employment agreement.

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

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