



**TINKERINE STUDIOS LTD.**

**Unaudited Interim Consolidated Financial Statements**

**March 31, 2019**

**(Expressed in Canadian dollars)**

**(Prepared by Management)**



**TINKERINE STUDIOS LTD.**

**NOTICE TO READER**

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditors.

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)**  
**March 31, 2019**  
(Expressed in Canadian Dollars)

	Notes	March 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	2	\$ 90,141	\$ 87,885
Receivables	4	13,697	88,426
Inventory	5	161,770	174,383
Prepays and deposits		38,915	7,042
<b>Total current assets</b>		<b>304,523</b>	<b>357,736</b>
<b>Property and equipment</b>	6	<b>3,063</b>	<b>6,612</b>
<b>Intangible asset</b>	7	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>\$ 307,585</b>	<b>\$ 364,348</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and accrued liabilities	8	\$ 629,739	\$ 569,180
		629,739	569,180
<b>EQUITY (DEFICIT)</b>			
Share capital	10	4,329,369	4,329,369
Reserve	10	316,122	316,124
Deficit		(4,967,645)	(4,850,325)
		(322,154)	(204,832)
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 307,585</b>	<b>\$ 364,348</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Directors:

\_\_\_\_\_  
*"E. Suyu"*

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*"J. Sy"*

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



**TINKERINE STUDIOS LTD.**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)

**March 31, 2019****(Expressed in Canadian Dollars)**

	Notes	Three Months Ended March 31 2019	Three Months Ended March 31 2018
<b>REVENUE</b>	11	\$ 51,862	\$ 153,841
<b>COST OF SALES</b>			
Cost of goods sold		40,993	94,995
		40,993	94,995
<b>GROSS PROFIT</b>		10,869	58,846
<b>EXPENSES</b>			
Amortization	6, 7	3,549	15,749
Bank and credit card charges		1,326	2,478
Foreign exchange (gain) / loss		3,054	(5,952)
Insurance		4,608	4,745
Office and general		1,854	2,381
Product promotion, trade shows and travel		692	361
Professional and consulting fees		16,540	55,966
Rent and utilities		14,671	14,003
Research and development		21	192
Remuneration and benefits	9, 10	72,075	70,108
Stock-based compensation	10	-	3,741
Shareholder communications, filing & transfer agency		9,801	9,933
		128,191	173,705
<b>NET AND COMPREHENSIVE LOSS</b>		(117,322)	(114,859)
<b>NET LOSS PER COMMON SHARE - BASIC AND DILUTED</b>		\$ (0.00)	\$ (0.00)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>		49,238,349	49,238,349

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

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)**  
**March 31, 2019**  
**(Expressed in Canadian Dollars)**

	Notes	Share capital		Reserve	Deficit	Total
		Number of shares	Amount			
<b>Balance at December 31, 2017</b>		49,238,349	\$ 4,329,369	\$ 322,454	\$ (4,469,475)	\$ 182,348
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation	10	-	-	6,843	-	6,843
Cancellation of Stock Options		-	-	(13,175)	13,175	-
Net and comprehensive loss		-	-	-	(394,023)	(394,023)
<b>Balance at December 31, 2018</b>		49,238,349	4,329,369	316,122	(4,850,323)	(204,832)
Transactions with owners, in their capacity as owners and other transfers:						
Net and comprehensive loss					(117,322)	(117,322)
<b>Balance at March 31, 2019</b>		49,238,349	4,329,369	316,122	(4,967,645)	(322,154)

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

**TINKERINE STUDIOS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
**March 31, 2019**  
**(Expressed in Canadian Dollars)**

	<b>Three Months</b>	<b>Three Months</b>
	<b>March 31</b>	<b>March 31</b>
	<b>2019</b>	<b>2018</b>
<b>Cash Flow from Operating Activities</b>		
Net loss for the year	\$ (117,322)	\$ (114,857)
Items not involving cash		
Amortization	3,549	15,749
Stock-based compensation	-	3,741
Changes in non-cash working capital items		
Receivables	74,729	38,228
Inventory	12,614	35,172
Prepays and deposits	(31,873)	(16,444)
Trade payables and accrued liabilities	60,560	50,741
Net cash provided by operating activities	<u>2,256</u>	<u>12,330</u>
<b>CHANGE IN CASH</b>	2,256	12,330
<b>CASH - BEGINNING</b>	<u>87,885</u>	<u>207,257</u>
<b>CASH - ENDING</b>	<u>\$ 90,141</u>	<u>\$ 219,587</u>

**Supplemental cash flow information:**

March 31, 2019

There is no additional information

December 31, 2018

The Company reallocated \$13,173 from reserve to deficit upon cancellation of stock options

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

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### **1. Nature and Continuance of Operations**

Tinkerine Studios Ltd. (the "Company") was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol TTD. The Company's primary business is the design and manufacture, distribution of 3D printers, software and related online educational content.

The Company's registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 213A 8725 92<sup>nd</sup> Street, Delta, British Columbia, Canada, V4G 0A4.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company's ability to continue as a going concern.

Based on the Company's operating history, and its relationship with its stakeholders, Management expects that the Company will require additional equity to have sufficient capital to fund operations for the upcoming fiscal year. Further discussion of liquidity risk has been disclosed in Note 15. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern.

### **2. Basis of Presentation and Significant Accounting Policies**

The financial statements were authorized for issue on May \_\_, 2019 by the directors of the Company.

#### ***Statement of compliance with International Financial Reporting Standards***

The consolidated financial statements of the Company, including comparatives, comply with International Accounting Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### **2. Basis of Presentation and Significant Accounting Policies (cont'd)**

#### ***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

Certain figures for the prior year have been reclassified to conform to the current presentation.

#### ***Principles of consolidation***

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

#### ***Significant estimates and assumptions***

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the impairment and useful lives of equipment and leasehold improvements and intangible assets, fair value measurements for financial instruments and stock-based transactions and the recoverability and measurement of deferred tax assets.

#### ***Significant judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- Allowance for doubtful accounts;

- The classification of financial instruments; and
- The determination of the functional currency of the Company and its subsidiary.

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### **2. Basis of Presentation and Significant Accounting Policies (cont'd)**

#### ***Foreign currency translation***

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

#### ***Transactions and balances***

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

#### ***Trade and other receivables***

Receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

#### ***Inventory***

The Company records inventory at the lower of cost and estimated net realizable value. Costs include raw materials, freight, duty, brokerage and non-recoverable taxes, and are assigned to inventories on a first-in first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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**2. Basis of Presentation and Significant Accounting Policies (cont'd)**

***Property and equipment***

Property and equipment stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives, as follows:

Asset	Basis
Equipment	Straight-line over 5 years
Computers	Straight-line over 3 years
Leasehold improvements	Straight-line over 3 years

***Intangible assets***

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### Internally-generated intangible assets - Research and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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## **2. Basis of Presentation and Significant Accounting Policies (cont'd)**

### ***Intangible assets (cont'd)***

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At March 31, 2019, the Company has recorded intangible assets relating to certain expenditures on development which met the criteria for recognition.

### ***Impairment of long-lived assets***

The carrying amount of the Company's long-lived assets (which includes equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present

value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### **2. Basis of Presentation and Significant Accounting Policies (cont'd)**

#### ***Trade payables and accrued liabilities***

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### ***Revenue recognition***

The Company adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") on a retroactive basis in accordance with the transitional provisions. IFRS 15 will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company has concluded that there are no significant differences between the point of risks and rewards transfer and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures.

#### ***Government grants***

The Company is entitled to government assistance in the form of grants. These are applied against related expenses of the cost of the asset acquired. Grants are subject to compliance with terms and conditions of the related agreements.

***Financial instruments***

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

**TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

**2. Basis of Presentation and Significant Accounting Policies (cont’d)**

***Financial instruments (cont’d)***

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss

allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

#### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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## **2. Basis of Presentation and Significant Accounting Policies (cont'd)**

### ***Financial Instruments (cont'd)***

#### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

### ***Income taxes***

#### Current income tax

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

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the end of the reporting period.

#### ***Stock-based compensation***

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded

### **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

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## **2 Basis of Presentation and Significant Accounting Policies (cont'd)**

### ***Stock-based compensation (cont'd)***

at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

## **3. Accounting Standards Issued but Not Yet Effective**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company plans to apply IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize a lease obligation related to its lease commitment for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of deficit. The Company intends to apply the following practical expedients permitted under the new standard: leases of low dollar value will continue to be expensed as incurred; and the Company will not apply any grandfathering practical expedients

As at January 1, 2019 the Company expects to recognize a right-of-use asset and corresponding liability for its office lease. At transition, lease liabilities of approximately \$210,000 will be recognized in the balance sheet. Furthermore, the Company expects a decrease in administrative expenses, an increase in depreciation expense (as the right-of-use asset is depreciated) and an increase in finance costs (due to accretion of the lease liability).

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

**TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### **3 Accounting Standards Issued but Not Yet Effective (cont'd)**

In June 2017, the IFRS Interpretations Committee of the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments (IFRIC 23). The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards (the Amendments) to update references in IFRS Standards to previous versions of the Conceptual Framework. Both documents are effective from January 1, 2020 with earlier application permitted. Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks. The Company does not intend to adopt the Amendments in its financial statements before the annual period beginning on January 1, 2020.

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective January 1, 2020.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

## **TINKERINE STUDIOS LTD.**

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

### **4 Receivables**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Trade receivables	\$ 13,697	\$ 88,426
	<b>\$ 13,697</b>	<b>\$ 88,426</b>

### **5. Inventory**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Raw materials	\$ 143,509	\$ 150,708
Finished goods	18,261	23,675
	<b>\$ 161,770</b>	<b>\$ 174,383</b>

## 6. Property and Equipment

	Equipment	Computers	Leasehold improvements	Total
<b>Cost:</b>				
December 31, 2017	\$ 58,673	\$ 11,845	\$ 6,664	\$ 77,182
Write off of fully amortized equipment	-	-	-	-
December 31, 2018	58,673	(5,751)	6,664	(5,751)
	58,673	6,094	6,664	71,431
<b>Additions</b>				
March 31 2019	-	-	-	-
	58,673	6,094	6,664	71,431
<b>Amortization:</b>				
December 31, 2017	\$ 42,722	\$ 11,428	\$ 2,224	\$ 56,374
Additions	11,736	236	2,224	14,196
Write off fully amortized equip.	-	-	-	-
December 31, 2018	54,458	(5,751)	4,448	(5,751)
	54,458	5,913	4,448	64,819
<b>Additions</b>				
March 31 2019	2,934	59	556	3,549
	57,392	5,972	5,004	68,368
<b>Net book value:</b>				
December 31, 2018	\$ 4,215	\$ 181	\$ 2,216	\$ 6,612
March 31, 2019	\$ 1,281	\$ 122	\$ 1,660	\$ 3,063

## TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

## 7. Intangible Asset

	Total
<b>Cost:</b>	
December 31, 2017 and 2018	\$ 146,409
<b>Amortization:</b>	
December 31, 2016	73,201
Additions	48,800
December 31, 2017	122,001
Additions	24,408
December 31, 2018	146,409
<b>Net book value:</b>	
December 31, 2017	\$ 24,408
December 31, 2018	\$ -

#### 8. Trade Payables and Accrued Liabilities

	March 31, 2019	December 31, 2018
Trade payables – Note 9	\$ 78,570	\$ 56,430
Accrued liabilities	551,169	512,750
	\$ 629,739	\$ 569,180

#### 9. Related Party Transactions

As at March 31, 2019, included in prepaids and deposits is \$2,435 (2018 - \$2,435), which has been paid to a director of the Company.

As at March 31, 2019, included in trade payables is \$17,885 (2018 - \$17,195), which is due to a director of the Company.

The compensation of key management personnel and related parties were as follows:

	March 31, 2019	December 31, 2018
Rent and utilities	\$ 13,440	\$ 50,496
Remuneration, fees and short-term benefits	26,250	162,529
Stock-based compensation		5,429
	\$ 39,690	\$ 218,454

#### TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements

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## 9 Related Party Transactions (Cont'd)

The Company previously entered into a lease agreement with a director of the Company (Note 12), which remains effective as at March 31, 2019.

## 10. Share Capital

### *Authorized share capital*

Unlimited number of common shares without par value.

### *Changes in issued share capital*

For the first quarter ended March 31, 2019 there were no changes in paid up share capital

### *Warrants*

	Number of warrants
Balance, December 31, 2016 and 2017	6,600,000
Expired	<u>(6,600,000)</u>
Balance, December 31, 2018	<u>-</u>

### *Stock options*

For the first quarter ended March 31, 2019, there were no share options granted.

The Company recognized \$6,843 in stock-based compensation expense for previously issued stock options which vested during the year ended December 31, 2018.

During the year ended December 31, 2018, 225,000 (2017 – 920,000) stock options were cancelled, and the corresponding amount of \$13,173 (2017 – \$83,277) was reallocated from reserves to deficit.

On September 25, 2017 the Company granted 725,000 stock options with an exercise price of \$0.075. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.73%, expected life of 5 years, volatility of 110% and no expected dividends. The fair value is expensed to stock-based compensation over the one year vesting period using the grading recognition system. For the year ended December 31, 2017, \$17,032 was recognized as stock-based compensation based on this recognition system.

The Company also recognized a further \$8,611 in stock-based compensation expense for previously issued stock options which vested during the year ended December 31, 2017.

### **TINKERINE STUDIOS LTD.**

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March 31, 2019  
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## 10. Share Capital (cont'd)

### Stock options (cont'd)

A continuity schedule of stock options is as follows:

	Number of stock options
Balance December 31 2017	3,760,000
Expired/cancelled	<u>(225,000)</u>
Balance December 31, 2018	3,535,000
Issued /Expired/cancelled	<u>-</u>
Balance March 31, 2019	<u>3,535,000</u>
Exercisable March 31, 2019	<u>3,535,000</u>

As at March 31, 2019, the following stock options were outstanding and exercisable:

Number of options	Exercise price	Expiry date
1,100,000	\$0.075	April 4, 2019 (subsequently expired, unexercised)
2,000	\$0.075	March 5, 2020
48,000	\$0.075	May 23, 2020
110,000	\$0.075	June 24, 2020
655,000	\$0.075	January 27, 2021
895,000	\$0.075	June 24, 2021
725,000	\$0.075	September 30, 2022

As at March 31, 2019, the weighted average exercise price of stock options is \$0.075 with an average remaining term of 1.89 years.

## TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements

March 31, 2018

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## 10. Share Capital (cont'd)

### *Stock options (cont'd)*

#### **Reserve**

The reserve records items recognized as stock based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit.

## 11. Segmented Information

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment is as follows:

	<b>March 31, 2019</b>	<b>December 31 2018</b>
Total revenues:		
Canada		\$
	\$ 48,617	275,117
United States	3,245	268,371
Other		8,834
		\$
	\$ 51,862	552,322

During the first quarter of 2019, there were no customers that made up more than 10% of total revenue. During year end December 31, 2018, one customer made up in excess of 10% of total revenue, comprised of 45% of total revenue.

## 12. Commitment and Contingency

### ***Commitment***

On December 1<sup>st</sup>, 2016, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2017. The annual basic lease payments was \$52,735 in the first year and \$58,286 in the second and third years. In addition, the Company pays operating costs and a management fees equal to 5% of the annual basic rent.

### ***Contingency***

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties.

## TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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### 13. Capital Management

The Company's policy is to maintain a sufficiently strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

### 14. Financial Instruments and Financial Risk Management

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

The Company's financial assets and liabilities are classified and measured as follows:

<i>Asset/Liability</i>	<i>Category</i>	<i>Measurement</i>
Cash	Fair value through profit or loss	Fair value
Trade receivables	Loans and receivables	Amortized cost
Trade payables	Other financial liability	Amortized cost

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at March 31, 2019 and at December 31, 2018, the Company measures its cash based on Level 1 inputs.

### Financial instrument risk exposure and management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **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 objective in managing liquidity risk is to maintain sufficient readily available

reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

**TINKERINE STUDIOS LTD.**

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**14 Financial Instruments and Financial Risk Management (cont'd)**

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any significant credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.

***Foreign exchange risk***

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

**15. Subsequent Events**

The Company has signed a letter of intent to acquire Coin Apps Tech Inc. ("CATI"), an arm's-length blockchain technology developer, subject to the completion of due diligence and the signing of a definitive agreement, as well as required regulatory and shareholder approvals. Under the terms of the letter of intent, the Company will acquire 100% of CATI through the issuance of 52,111,355 common shares from treasury.

