

Peak Positioning Technologies Inc.

**Condensed Interim Consolidated Financial
Statements (Unaudited)
For the three-month periods ended
March 31, 2019 and 2018**

Financial Statements	
Consolidated Statements of Comprehensive Loss	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Consolidated Statements of Financial Position	5 6
Notes to Interim Consolidated Financial Statements	7 - 25

Note to reader: The Interim Consolidated Financial Statements have not been reviewed by the auditor

Peak Positioning Technologies Inc.

Interim Consolidated Statements of Comprehensive Loss

For the three-month periods ended March 31, 2019 and 2018

(In Canadian dollars, except weighted average number of outstanding shares)

(Unaudited)

	Note	2019 \$	2018 \$
Revenues			
Sales		949,511	5,147
Expenses			
Salaries and fringe benefits		402,026	205,547
Board remuneration		16,794	31,395
Service fees		27,434	–
Sales taxes and additions		7,708	–
Consulting fees		114,701	80,312
Management fees		35,906	64,987
Professional fees		49,376	73,701
Administrative and indirect cost		59,100	–
Public relations and press releases		31,317	96,845
Office supplies, software and utilities		26,430	12,979
Lease expenses		13,277	19,791
Depreciation of right-of-use assets		52,791	–
Insurance		7,239	6,456
Finance costs	14	231,538	227,746
Expected credit loss		4,467	–
Travel and entertainment		105,223	63,005
Stock exchange and transfer agent costs		7,238	12,386
Translation cost and others		10,832	1,440
Depreciation of property and equipment	8	9,389	20
Amortization of intangible assets	9	187,147	132,834
Amortization of financing initial costs		9,054	17,659
Loss (gain) on foreign exchange		(627)	13,813
		<u>1,408,360</u>	<u>1,060,915</u>
Loss before income taxes		(458,849)	(1,055,768)
Income tax (recoverable)		109,930	
Net loss		<u>(568,779)</u>	<u>(1,055,768)</u>
Net (loss) profit attributable to:			
Non-controlling interest		113,388	–
Owners of the parent		<u>(682,167)</u>	<u>(1,055,768)</u>
		<u>(568,779)</u>	<u>(1,055,768)</u>
Item that will be reclassified subsequently to profit or loss			
Currency translation adjustment		(74,207)	94,956
Total comprehensive loss		<u>(494,572)</u>	<u>(1,150,724)</u>
Net loss and total comprehensive loss attributable to:			
Non-controlling interest		128,482	–
Owners of the parent		<u>(623,054)</u>	<u>(1,150,724)</u>
		<u>(494,572)</u>	<u>(1,150,724)</u>
Weighted average number of outstanding shares		<u>675,212,135</u>	<u>647,309,056</u>
Basic and diluted loss per share		<u>(0.001)</u>	<u>(0.002)</u>

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

Peak Positioning Technologies Inc.
Interim Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

	Note	Capital stock		Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Total attributable to owners of parent	Non Controlling interest	Shareholders' equity (deficiency)	
		Number of common shares	Amount							Contributed surplus
			\$	\$	\$	\$			\$	
Balance as of January 1, 2019		675,142,135	22,759,673	7,747,316	93,940	(189,449)	(20,914,779)	9,496,701	9,989,774	19,486,475
Issuance of shares		700,000	35,000					35,000		35,000
Exercise of warrants								-		-
Issuance costs								-		-
Share-based compensation				73,094				73,094		73,094
Transactions with owners		675,842,135	22,794,673	7,820,410	93,940	(189,449)	(20,914,779)	9,604,795	9,989,774	19,594,569
Net loss							(682,167)	(682,167)	113,388	(568,779)
Other comprehensive loss						74,207		59,114	15,093	74,207
Total comprehensive loss for the year		-	-	-	-	74,207	(682,167)	(623,053)	128,481	(494,572)
Balance as of March 31, 2019		675,842,135	22,794,673	7,820,410	93,940	(115,242)	(21,597,481)	8,996,300	10,118,255	19,114,555
Balance as of January 1, 2018		629,659,055	20,550,873	7,477,763		220,481	(17,062,100)			11,187,017
Reclassification other comprehensive income						(129,906)	129,906			
Issuance of shares		5,000,000	325,000							325,000
Exercise of warrants		20,000,000	995,038	(226,772)						768,266
Issuance costs		2,100,000	(20,000)							(20,000)
Share-based compensation				122,920						122,920
Transactions with owners		656,759,055	21,850,911	7,373,911		90,575	(16,932,194)			12,383,203
Net loss							(1,055,768)			(1,055,768)
Other comprehensive loss						(94,956)				(94,956)
Total comprehensive loss for the year		-	-	-	-	(94,956)	(1,055,768)			(1,150,724)
Balance as of March 31, 2018		656,759,055	21,850,911	7,373,911		(4,381)	(17,987,962)			11,232,479

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

Peak Positioning Technologies Inc.

Interim Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

	Note	2019 \$	2018 \$
OPERATING ACTIVITIES			
Net loss		(568,779)	(1,055,768)
Non-cash items			
Depreciation of property and equipment		9,389	20
Issuance of shares for settlement of debt		35,000	
Expected credit loss		4,468	
Amortization of intangible assets		187,147	132,834
Amortization of initial cost debenture		9,054	11,480
Share-based compensation		73,094	122,921
Accretion of convertible debentures		123,830	125,959
Loans receivables maturing in more than 12 months		(59,719)	
Interest charges		109,084	102,081
Interest paid		(107,770)	(82,267)
Net changes in working capital items			
Debtors		74,715	(74,758)
Loans receivables maturing in less than 12 months		(2,299,557)	
Lease liabilities		180,865	
Prepaid expenses		48,174	(188,675)
Other current financial liabilities		479,711	(37,707)
Cash flows from operating activities		<u>(1,701,294)</u>	<u>(943,881)</u>
INVESTING ACTIVITIES			
Term deposit		–	1,200,000
Intangible asset		(1,757,928)	
Property and equipment		(18,101)	
Debtors (note 3 and 12)		(34,212)	(4,384,574)
Cash flows from investing activities		<u>(1,810,241)</u>	<u>(3,184,574)</u>
FINANCING ACTIVITIES			
Debenture subscription received		250,000	3,000,000
Contingent compensation		1,430,000	
Non-controlling interest		128,482	
Issuance of shares		–	230,000
Cash flows from financing activities		<u>1,808,482</u>	<u>3,230,000</u>
IMPACT OF FOREIGN EXCHANGE		<u>(39,180)</u>	<u>(94,956)</u>
Net increase(decrease) in cash		<u>(1,742,233)</u>	<u>(993,411)</u>
Cash, beginning of period		<u>2,016,410</u>	<u>2,471,683</u>
Cash, end of period		<u>274,177</u>	<u>1,478,272</u>

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

Peak Positioning Technologies Inc.

Consolidated Statements of Financial Position

March 31, 2018 and December 31, 2017

(In Canadian dollars)

(Unaudited)

	Note	2019-03-31	2018-12-31
		\$	\$
ASSETS			
Current			
Cash		274,177	2,016,410
Loans receivables	6	11,912,799	9,617,710
Debtors	7	680,597	864,434
Prepaid expenses		295,461	383,635
Deferred financing cost		353,377	353,377
		<u>13,516,411</u>	<u>13,235,566</u>
Loans receivables	6	9,821,791	9,762,072
Property and equipment	8	121,508	112,796
Right-of use assets		251,435	–
Intangible assets	9	2,898,215	1,578,869
		<u>26,609,360</u>	<u>24,689,303</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	2,190,086	1,460,992
Debentures	11	3,464,708	3,343,820
Contingent compensation payable	5	1,430,000	–
		<u>7,084,794</u>	<u>4,804,812</u>
Debentures	11	410,011	398,015
		<u>7,494,805</u>	<u>5,202,827</u>
SHAREHOLDERS' DEFICIENCY			
Capital stock		22,794,673	22,759,673
Contributed surplus		7,820,410	7,747,316
Equity component of convertible debentures	11	93,940	93,940
Accumulated other comprehensive income		(115,242)	(189,449)
Deficit		<u>(21,597,481)</u>	<u>(20,914,779)</u>
Shareholders equity attributable to owners of the parent		8,996,300	9,496,701
Non controlling interest		<u>10,118,255</u>	<u>9,989,774</u>
Total shareholders' equity		<u>19,114,555</u>	<u>19,486,475</u>
		<u>26,609,360</u>	<u>24,689,303</u>

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

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION

Peak Positioning Technologies Inc. (hereinafter the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on May 13, 2008, and continued under the Canada Business Corporations Act on April 4, 2011. Peak Positioning Technologies Inc.'s executive offices are located at 550 Sherbrooke Street West, Suite 265, Montréal, Quebec, Canada. Its shares are traded on the Canadian Stock Exchange (CSE) under the symbol "PKK". Its shares are quoted in the U.S. on the OTC Market's Groups "Pink Sheet": PKKFF.

Peak is an IT portfolio management company whose mission is to assemble, finance and manage a portfolio of promising companies and assets in some of the fastest growing tech sectors in China, including fintech, e-commerce and cloud-computing. Peak provides a bridge for North American Investors who wish to participate in the continued digitization of China's industrial sectors through the latest advancements in technology.

The unaudited interim consolidated financial statements include the accounts of Peak Positioning Technologies Inc. and all of its subsidiaries.

The Company attributes total comprehensive income or loss of the subsidiary between the owners of the parent company and the non-controlling interests based on their respective ownership interests.

The following entities have been consolidated within these consolidated financial statements:

Entities	Registered	% of ownership and voting right	Principal activity	Functional Currency
Peak Positioning Technologies Inc. (1)	Canada		Holding and parent company	Canadian dollar
Asia Synergy Limited	Hong Kong	100%	Holding	Renminbi
Asia Synergy Holdings	China	100%	Holding	Renminbi
Asia Synergy Technologies Ltd.	China	100%	Technology based product procurement facilitator	Renminbi
Asia Synergy Data Solutions Ltd.	China	100%	Fintech	Renminbi
Asia Synergy Credit Solutions Ltd	China	100%	Credit outsourcing services	Renminbi
Wuxi Aorong Ltd.	China	100%	Holding	Renminbi
Asia Synergy Financial Capital Ltd	China	51%	Financial institution	Renminbi

The unaudited interim condensed consolidated financial statements (the "consolidated interim financial statements") are in compliance with the International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Since they are condensed financial statements, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been voluntarily omitted or summarized.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION (cont'd)

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 5 of the Company's consolidated financial statements for the year ended December 31, 2018. There has not been any significant change in judgments, estimates or assumptions since then. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018.

The consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2018.

The interim consolidated financial statements for the three-month periods ended March 31, 2019 (including comparative figures) were approved by the Board of Directors on May 23, 2019.

2 - GOING CONCERN ASSESSMENT

These interim consolidated financial statements have been prepared on the basis of the going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The level of revenue currently being generated is not presently sufficient to meet the working capital requirements. The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Also, the Company incurred a net loss of \$568,779 for the three-month period ended March 31, 2019 (\$1,055,768 for 2018), it has an accumulated deficit of \$21,597,481 as at March 31, 2019 (\$20,914,779 as at December 31, 2018) and it has not yet generated positive cash flows from operations. Until that happens, the company will continue to assess its working capital needs and undertake whatever initiative it deems necessary to ensure that it continues to be in a position to meet its financial obligations. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The interim consolidated financial statements do not include any adjustments or disclosures that may be necessary should the Company not be able to continue as a going concern. If this were the case, these adjustments could be material.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

3. CHANGES IN ACCOUNTING POLICIES

3.1 New Standards adopted as at January 1, 2019

The company has adopted the following new standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

The Group adopted IFRS 16, Leases, on January 1, 2019. In accordance with the transition guidance of IFRS 16, the new requirements have been applied retroactively with the cumulative effect of initial application recognised as at January 1, 2019. The 2018 financial statements have not been restated.

Previously, the Group classified all leases as operating leases and did not recognise assets or liabilities in the statement of financial position because substantially all the risks and rewards incidental to ownership of the leased asset were not transferred. IFRS 16 requires that lessors recognise assets and liabilities for all leases on the statement of financial position, unless the lease term is 12 months or less or the lease for which the underlying asset is of low value.

On adoption of IFRS 16, the Group recognised the lease liabilities for leases that had previously been classified as “operating leases” in accordance with the principles of IAS 17, Leases. These obligations have been measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2019 was 9.42%. The related right-of-use assets were measured in the amount of the lease liabilities as at January 1, 2019, adjusted for the amount of lease incentives recognised in liabilities as at December 31, 2018.

Adoption of IFRS 16 had the following impact on the financial position as at January 1, 2019:

Right-of-use assets	\$393,455
Lease liabilities	\$393,455

The discounted value of the operating lease commitments presented in accordance with IAS 17 as at December 31, 2018, Calculated using the incremental borrowing rate as at January 1, 2019, is 9.27%. The difference between the discounted value of these commitments and the lease liabilities recognized as at December 31, 2019, is essentially variable lease payments relating to operating expenses, property taxes and insurance costs for office space that were not included in the lease liabilities

On transition, for leases previously accounted for as operating leases with a remaining leases term of less than 12 months and for leases of low-value assets the Company as applied the optional exemptions to not recognise right-of use assets but to account for the lease expense on a straight-line basis over the remaning lease term.

Low-value assets comprise information technology equipment and small value items of office furniture.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

Policy applicable as of January 1, 2019

The Company recognized a right-of-use asset and a lease liability with respect to a lease on the date the underlying asset is available for use by the Company (hereafter, the “commencement date”).

The right-of-use asset is initially measured at cost, which includes the initial lease liabilities adjusted for lease payments on or before the commencement date, plus initial direct costs incurred and an estimate of all of the costs for dismantling and removing the underlying asset, less any lease incentives received.

The right-of-use asset is amortized over the shorter of the estimated useful life of the underlying asset or the lease term on a straight-line basis. Additionally, the cost of a right-of-use asset is reduced by any accumulated impairment losses and, as appropriate, adjusted for any remeasurement of the related lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, calculated using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as its discounting rate. The lease payments included in the lease liability include the following, in particular:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Lease payments relating to extension options that the Company is reasonably certain it will exercise.

The Company has elected not to recognize separately non-lease components of leases for office space (buildings). Accordingly, lease payments and the lease liability include payments relating to lease and non-lease components.

The interest expense relating to lease liabilities is recognized in profit or loss using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or when the Company changes its measurement with respect to the exercise of a purchase, extension or termination option. The lease liability adjustment is adjusted against the related right-of-use asset or recorded in profit or loss if the right-of-use asset is reduced to zero.

Lease payments relating to leases with a lease term of 12 months or less and leases for which the underlying asset is of low value are recognized on a straight-line basis as an expense in profit or loss. Low-value assets include computer equipment and small office furniture.

Policy applicable before January 1, 2019

Operating leases

All leases where the lessor retained significant portion of the risks and rewards of ownership are treated as operating leases. Payments under operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

5 - BUSINESS COMBINATION

On January 1, 2019, the Company transfer certain assets and personnel from Wuxi Wenyi Financial Services Co. into a newly created subsidiary of the Company called Asia Synergy Credit Solutions ("ASCS"). The assets acquired are intangible assets consisting of loans servicing agreements. The assets acquired were determined to constitute a business and, accordingly, the acquisition will be accounted for using the acquisition method of accounting.

The total purchase price for this acquisition was estimated at \$2,000,000, and the fair value of the consideration transferred at \$1,430,000 using a discount rate of 22%. The purchase price will be settled with the issuance of a maximum of 20,000,000 shares of the Company if certain financial performance of ASCS is achieved during the first 18 months of operations. In the event that 20,000,000 shares are issued after the 18-month period and the listed common share price of the Company is less than \$0.10 at that time, the Company will issue additional shares to obtain an aggregate consideration value of \$2,000,000.

Fair value of consideration transferred

Issuance between 20,000,000 and 28,667,000 shares of the Company at a market price ranging from \$0.05 to \$0.20

1,430,000

Total consideration transferred (conditional compensation)

1,430,000

Identifiable net assets acquired

Loan servicing agreements

1,430,000

Liabilities assumed

-

Identifiable total net assets

1,430,000

Goodwill on acquisition

-

1,430,000

The conditional compensation liabilities of \$1,430,000 will be re-evaluated on a quarterly basis with each issuance of the Company shares. Difference between the re-evaluate fair value of the remaining conditional compensation and the previously accounted amount will be recognized in profit or loss of the period.

The Company's valuation of intangible assets has identified loan servicing agreements which are amortized on a straight-line basis with a useful life of 5 years. Significant assumptions used in the determination of intangible assets, as defined by management, include month over month loan renewals, discount rate and operating income before depreciation and amortization margin.

There were acquisition-related costs which amounted approximately to \$10,000 with respect to consulting and professional fees. These costs were not included as part of the consideration transferred and have been recognized as an expense in the consolidated statements of comprehensive income for the year ended December 31, 2018.

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

6 - LOANS RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

In May 2018 the Company established a licensed financial services' subsidiary in China named Asia Synergy Financial Capital ("ASFC") to provide various financial services to small and medium size enterprise and entrepreneurs. Those services include loans, who for the most part, are guaranteed by a third party and/or collateral assets. Interest revenue from the loans is accounted for as earned. The loans bear interest at an average annual rate of 15.9% since the beginning of ASFC operations calculated on their face value. At inception, loan weighted average repayment period was 16.3 months. For the majority of loans granted, principal and interest are payable by the borrower on a monthly basis.

Loans receivables are described as follows :

	<u>2019-03-31</u>	<u>2018-12-31</u>
	\$	\$
Principal balance loans receivables	21,890,555	19,528,848
Less expected credit loss (ECL)	<u>(155,965)</u>	<u>(149,066)</u>
Loan receivables net	<u>21,734,590</u>	<u>19,379,782</u>
Loans receivables maturing in less than 12 months	11,912,799	9,617,710
Loans receivables maturing in more than 12 months	<u>9,821,791</u>	<u>9,762,072</u>
Total loans	<u><u>21,734,590</u></u>	<u><u>19,379,782</u></u>

Impaired loans and allowances for credit loss

The Company performed a three-stage forward looking impairment approach to its loan portfolio to measure the expected credit loss as described in detail in note 4.10 of the Company Consolidated Financial Statement as of December 31, 2018.

Credit quality of loans

The following table presents the gross carrying amount of loans receivables at December 31, 2018, according to credit quality and ECL impairment stages

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

6 - LOANS RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

ECL is calculated on loans value at period end that are not insured by a third party with an assumption of a credit loss allocation of 22% after applying the following provision % :

Stage 1 : 1%
 Stage 2: 30%
 Stage 3 :100%

<i>March 31,2019</i>	<u>%</u>	<u>Gross</u> \$	<u>Allowance for</u> \$	<u>Net Carrying</u> \$
Stage 1 Not overdue <= 30 Days	98.6%	21,574,191	(33,316)	21,540,875
Stage 2 Overdue 30–90 days	0.4%	80,653	(35,482)	45,171
Stage 3 Overdue> 90 days	1.1%	235,670	(87,167)	148,503
Total	100.0%	<u>21,890,514</u>	<u>(155,965)</u>	<u>21,734,549</u>
<i>December 31, 2018</i>	<u>%</u>	<u>Gross</u> \$	<u>Allowance for</u> \$	<u>Net Carrying</u> \$
Stage 1 Not overdue <= 30 Days	92.0%	17,961,283	(22,469)	17,938,814
Stage 2 Overdue 30–90 days	7.3%	1,417,319	(93,543)	1,323,776
Stage 3 Overdue> 90 days	0.8%	150,246	(33,054)	117,192
Total	100.0%	<u>19,528,848</u>	<u>(149,066)</u>	<u>19,379,782</u>

7 - DEBTORS

	<u>2018-03-31</u> \$	<u>2018-12-31</u> \$
Sales tax receivable	62,836	70,884
Advances to companies, .84% to 1.5% per month, payable on demand	346,661	511,550
Safety deposit with guarantor	199,100	-
Advance to an affiliated company	72,000	32,000
Subscription received/receivable	-	250,000
	<u>680,597</u>	<u>864,434</u>

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

8 - PROPERTY AND EQUIPMENT

	Office equipment	Vehicles	Total
	\$	\$	\$
Gross carrying amount			
Balance as at January 1, 2019	71,224	47,592	118,816
Acquisition	17,746	–	17,746
Balance as at March 31, 2019	<u>88,970</u>	<u>47,592</u>	<u>136,562</u>
Accumulated amortization			
Balance as at January 1, 2019	3,194	2,826	6,020
Amortization	6,652	2,737	9,389
Exchange differences	(225)	(130)	(355)
Balance as at March 31, 2019	<u>9,621</u>	<u>5,433</u>	<u>15,054</u>
Net carrying amount as at March 31, 2019	<u>79,349</u>	<u>42,159</u>	<u>121,508</u>
Gross carrying amount			
Balance as at January 1, 2018	405	–	405
Acquisition	70,819	47,592	118,411
Balance as at December 31, 2018	<u>71,224</u>	<u>47,592</u>	<u>118,816</u>
Accumulated amortization			
Balance as at January 1, 2018	96	–	96
Amortization	3,098	2,826	5,924
Exchange differences	–	–	–
Balance as at December 31, 2018	<u>3,194</u>	<u>2,826</u>	<u>6,020</u>
Net carrying amount as at December 31, 2018	<u>68,030</u>	<u>44,766</u>	<u>112,796</u>

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

9 - INTANGIBLE ASSETS

	Loan servicing agreement	Gold River	Cubeler Interface	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance as at January 1, 2019	–	2,461,348	747,940	3,209,288
Acquisition	1,430,000	–	76,141	1,506,141
Balance as at March 31, 2019	<u>1,430,000</u>	<u>2,461,348</u>	<u>824,081</u>	<u>4,715,429</u>
Accumulated amortization				
Balance as at January 1, 2019	–	1,578,607	51,812	1,630,419
Amortization	71,500	99,517	16,130	187,147
Exchange differences	–		(352)	(352)
Balance as at March 31, 2019	<u>71,500</u>	<u>1,678,124</u>	<u>67,590</u>	<u>1,817,214</u>
Net carrying amount as at March 31, 2019	<u>1,358,500</u>	<u>783,224</u>	<u>756,491</u>	<u>2,898,215</u>
Gross carrying amount				
Balance as at January 1, 2018	–	2,461,348	181,702	2,643,050
Acquisition	–		566,238	566,238
Balance as at December 31, 2018	<u>–</u>	<u>2,461,348</u>	<u>747,940</u>	<u>3,209,288</u>
Accumulated amortization				
Balance as at January 1, 2018	–	615,337		615,337
Amortization	–	492,270	63,131	555,401
Impairment loss	–	471,000	–	471,000
Exchange differences	–		(11,319)	(11,319)
Balance as at December 31, 2018	<u>–</u>	<u>1,578,607</u>	<u>51,812</u>	<u>1,630,419</u>
Net carrying amount as at December 31, 2018	<u>–</u>	<u>882,741</u>	<u>696,128</u>	<u>1,578,869</u>

- a) As the result of the revision of the estimate of work performed, the service provider has reduced the cost of the performed work. Consequently, the cost of the asset has been reduced by the equivalent amount of the balance payable as at December 31, 2016.

10 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019-03-31	2018-12-31
	\$	\$
Income tax	185,854	111,139
Lease liability	180,865	
Trade accounts payable and accruals	1,823,367	1,349,853
	<u>2,190,086</u>	<u>1,460,992</u>

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

11 - DEBENTURES

a) Debenture issuance of December 15, 2017

On December 15, 2017, the Company has placed a total of 1,200 units of debenture at \$10,000 par unit for a gross proceeds of \$12,000,000. Each unit sold is comprised of \$10,000 face value debenture plus 200,000 common share purchase warrants.

Debentures are secured by a pledge on the aggregate assets of the Company, maturing on December 15, 2019, bearing interest at a nominal rate of 8% payable monthly. The Company used the residual value method to allocate the principal amount of the debenture between the liability and the contributed surplus. Under this method, an amount of \$2,721,260 (net of transaction costs) related to the warrants issued was applied to the contributed surplus. The fair value of the liability component was \$9,005,148 computed as the present value of future principal and interest payments discounted at a rate of 25%. The debentures allow their subscribers to surrender part or all of the amount invested in the debentures to exercise their warrants and purchase common shares of the Company any time prior to maturity, subject to certain terms and conditions, at a price of \$0.05 per common share. The units contain a "forced warrant conversion" feature under which 50% of the face value of the debenture will automatically be surrendered to exercise 50% of the warrants if the Company common shares trade at \$0.15 or more for 3 consecutive trading days, and 100% if the Company's common shares trade at \$0.20 or more for 3 consecutive days.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

	<u>2019-03-31</u>	<u>2018-12-31</u>
	\$	\$
Balance, beginning of year	3,343,820	4,263,913
Addition	–	–
Accretion of debentures	113,419	453,471
Equity component of debentures	–	–
Surrendering of debentures for exercise of warrants (a)		(1,410,356)
Issuance cost (b)	<u>7,469</u>	<u>36,792</u>
Balance, end of year	<u><u>3,464,708</u></u>	<u><u>3,343,820</u></u>

- a) A total of 240,000,000 warrants were included as part of the units debenture. 191,000,000 warrants were transferred from existing warrant holders to the debentures' subscribers in exchange for 2,500,000 stock options and 49,000,000 warrants were newly issued. On the same date, some debentures subscribers surrendered their debentures for a total face value of \$6,350,000 to exercise 127,000,000 warrants at a price of \$0.05.

During the first quarter of 2018, 20,000,000 warrants was exercised at a price of \$0.05 following surrendering of debenture for a total face value of \$1,000,000.

- b) Issuance cost are related to legal expenses, broker commissions and stock option value to directors and officers

b) Debenture issuance of December 19, 2018

On December 19, 2018, the Company has placed 51 units of unsecured convertible debentures at \$10,000 per unit for a gross proceeds of \$510,000. Each unit sold is comprised of \$10,000 face value debentures, maturing on December 19, 2020, bearing interest at a nominal rate of 8% payable monthly, plus 10,000 purchase warrants exercisable into Company common share at \$0.10 per share for a period of 24 months from the date of issuance.

The debentures allow their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at a price of \$0.05 per common share.

The units contain a “forced warrant conversion” feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at \$0.20 or more for 3 consecutive trading days.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, equity component of debenture and the contributed surplus. Under this method, an amount of \$93,940 and \$3,578 (net of transaction costs) related to the conversion features and the warrants issued was applied to equity component of debenture and contributed surplus (respectively). The fair value of the liability component was \$396,672 computed as the present value of future principal and interest discounted at a rate of 22%.

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

	2019-03-31	2018-12-31
	\$	\$
Balance at the beginning	398,015	–
Addition	–	510,000
Accretion of debentures	10,411	1,343
Equity component of debentures	–	(93,940)
Contributed surplus for warrants	–	(3,578)
Issuance cost (1)	1,585	(15,810)
Balance at the end	<u>410,011</u>	<u>398,015</u>

1) Issuance cost are related to legal expenses and broker commissions.

12 - SHAREHOLDERS' EQUITY

12.1 Authorized share capital

The share capital of the Company consists of an unlimited number of common shares without par value.

12.2 Descriptions of the shareholders equity operations

a) In January 2019, the Company issued 700,000 common shares to settle \$35,000 of debt related to consulting services received by the Company.

12.3 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares as follows:

	2019-03-31		2018-12-31	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	116,260,359	0.063	144,773,692	0.059
Granted	–	–	7,486,667	0.073
Expired	(1,640,359)	0.200	–	–
Exercised	–	–	<u>(36,000,000)</u>	0.050
Outstanding and exercisable, end of period	<u>114,620,000</u>	0.060	<u>116,260,359</u>	0.063

Peak Positioning Technologies Inc.

Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

12.3 Warrants (continued)

As of March 31, 2019 and December 31, 2018, the number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Expiration date	2019-03-31		2018-12-31	
	Number	Exercise price \$	Number	Exercise price \$
March 2019	–	–	1,640,359	0.200
December 2019	84,000,000	0.050	84,000,000	0.050
May 2020	2,900,000	0.100	2,900,000	0.100
December 2020	210,000	0.050	210,000	0.050
December 2020	510,000	0.100	510,000	0.100
June 2022	3,866,667	0.050	3,866,667	0.050
June 2022	5,800,000	0.057	5,800,000	0.057
June 2022	3,333,333	0.061	3,333,333	0.061
June 2022	14,000,000	0.120	14,000,000	0.120
	<u>114,620,000</u>		<u>116,260,359</u>	

13 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may, from time to time, at its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and others providing similar services to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years from the date of grant. The options reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to others providing services will not exceed 2% of the issued and outstanding common shares. Options may be exercised as of the grant date for a period determined by the Board, but shall not be greater than 5 years from the date of the grant and 90 days following cessation of the optionee's position with the Company. Provided that the cessation of office, directorship or employment or other similar service arrangement was by reason of death (in the case of an individual), the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Share options and weighted average exercise prices are as follows for the reporting periods presented :

	2019-03-31		2018-12-31	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	41,900,000	0.074	35,695,000	0.078
Granted	1,050,000	0.064	7,675,000	0.052
Expired	–	–	(1,470,000)	0.059
Exercised	–	–	–	–
Outstanding end of period	<u>42,950,000</u>	0.073	<u>41,900,000</u>	0.074
Exercisable end of period	<u>29,448,750</u>	0.074	<u>27,198,750</u>	0.076

Peak Positioning Technologies Inc.
Notes to Interim Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

(Unaudited)

13 - SHARE-BASED PAYMENTS(continued)

The table below summarizes the information related to outstanding share options as at March 31, 2018

Range of exercise price	Number of options	Weighted average remaining contractual life (years)
\$		
0.050	6,900,000	1 years and 2 months
0.050	500,000	1 years and 6 months
0.050	2,500,000	1 years and 9 months
0.050	150,000	2 years and 2 months
0.085	10,500,000	2 years and 4 months
0.105	8,300,000	3 years and 3 months
0.055	375,000	3 years and 8 months
0.080	5,000,000	3 years and 9 months
0.050	100,000	4 years and 1 months
0.050	7,275,000	4 years and 3 months
0.100	300,000	4 years and 3 months
0.050	750,000	4 years and 8 months
0.100	300,000	4 years and 10 months
	<u>42,950,000</u>	

The Company has recorded an expense of \$73,094 in the first quarter of 2019 (\$122,921 in Q1-2018) as stock-based compensation. The offset was credited to contributed surplus.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

14 · Finance costs

	2019-03-31	2018-03-31
Interests on debentures	83,911	102,081
Interest on lease liabilities	7,938	–
Interest on security deposit guarantors	15,926	–
Interest income	(1,377)	(2,456)
Accretion on debentures	123,830	125,959
Total interest expense	230,228	225,584
Miscellaneous	1,310	2,162
	<u>231,538</u>	<u>227,746</u>

15 - RELATED PARTY TRANSACTIONS

The Company's related party transactions do not include, unless otherwise stated, special terms and conditions. No guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel, officers and directors

The Company's key management personnel, the Chief Executive Officer and the Chief Executive Officer of the Chinese subsidiaries are members of the Board, and their remuneration includes the following expenses:

	2019-03-31 (3 months)	2018-03-31 (3 months)
	\$	\$
Salaries and fringe benefits	85,500	103,343
Share-based payments	73,094	122,921
Technical and marketing fees to an affiliated company	–	43,680
Management fees to officers and directors	8,325	35,333
Interests on debentures	200	200
Total	<u>167,119</u>	<u>305,477</u>

These transactions occurred in the normal course of operations and have been measured at fair value.

As at March 31, 2018 and December 31, 2018 the consolidated statement of financial position includes the following amounts with related parties:

	2019-03-31	2018-12-31
	\$	\$
Advances to an affiliated company (Note 7)	<u>72,000</u>	<u>32,000</u>

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

16 - SEGMENT REPORTING

The Company has determined that there were two operating segments, which are defined below. For presentation purposes, other activities are grouped in the other heading. Each operating segment is distinguished by the type of products and services it offers and is managed separately. Each requires different business processes, marketing approaches and resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods and services.

The operating segments are detailed as follows:

Fintech Platform

The Fintech Platform segment comprises the procurement and distribution of products within a specific supply chain or facilitating transactions in the commercial lending industry through technology platforms.

Financial Services

The Financial Services segment encompasses providing commercial loans to entrepreneurs and SMEs and the activity of providing turn-key credit outsourcing services to banks and other lending institutions.

Both operating segments are geographically located in China.

16 - SEGMENT REPORTING (Continued)

Other

The "other" category include the activity and unallocated portion of the Canadian parent company's services and all non-operating holdings registered in Hong Kong and China

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

16 - SEGMENT REPORTING (Continued)

The segment information for the reporting period is as follows:

	2019-03-31				
	Fintech Platform	Financial Services	Other	Elimination	Total
	\$	\$	\$	\$	\$
<i>Revenues (1)</i>					
Financial service Fees/sales from external customers	9,322	940,189	–	–	949,511
Inter-segment	–	–	–	–	–
	59,100	–	12,874	(71,974)	–
Total revenues	<u>68,422</u>	<u>940,189</u>	<u>12,874</u>	<u>(71,974)</u>	<u>949,511</u>
<i>Expenses</i>					
Depreciation and amortization	17,948	3,289	175,835		196,538
Interest expenses (income)	178	22,903	208,456		231,537
All other expenses	245,494	528,641	278,127	(72,477)	979,785
Total expenses	<u>263,620</u>	<u>554,833</u>	<u>662,418</u>	<u>(72,477)</u>	<u>1,408,394</u>
Profit (loss) before tax	(195,198)	385,356	(649,544)	503	(458,849)
Income tax (recovery)	–	109,930	–	–	109,930
Net profit (loss)	<u>(195,198)</u>	<u>275,426</u>	<u>(649,544)</u>	<u>503</u>	<u>(568,779)</u>
Non-controlling interest	–	113,388	–	–	113,388
Net profit (loss) attributable to owners of the parent	<u>(195,198)</u>	<u>162,038</u>	<u>(649,544)</u>	<u>503</u>	<u>(682,167)</u>
Segmented assets	<u>3,729,387</u>	<u>22,599,035</u>	<u>17,741,365</u>	<u>(17,460,427)</u>	<u>26,609,360</u>

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

16 - SEGMENT REPORTING (Continued)

	2018-03-31				
	Fintech Platform	Financial Services	Other	Elimination	Total
		\$	\$	\$	\$
<i>Revenues (1)</i>					
Financial services	5,146	–	–	–	5,146
Fees/sales from external customers	–	–	–	–	–
Inter-segment	–	–	21,406	(21,406)	–
Total revenues	5,146	–	21,406	(21,406)	5,146
<i>Expenses</i>					
Depreciation and amortization	–		150,493		150,493
Interest expenses (income)	–		227,746		227,746
All other expenses	391,993		312,091	(21,406)	682,678
Total expenses	391,993	–	690,329	(21,407)	1,060,915
Profit (loss) before tax	(386,847)	–	(668,923)	–	(1,055,768)
Income tax (recovery)	–	–	–	–	–
Net Profit (loss)	(386,847)	–	(668,923)	–	(1,055,768)
Non-controlling interest	–	–	–	–	–
Net profit (loss) attributable to owners of the parent	(386,847)	–	(668,923)	–	(1,055,768)
Segmented assets	9,041,490	–	17,131,431	(11,110,796)	15,062,124

Note (1): Revenues from external customers have been identified on the basis of the customer's geographical location, which is China.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

16 - SEGMENT REPORTING (Continued)

Other (continued)

The Company's non-current assets (other than financial instruments) are located into the following geographic regions at :

	2019-03-31	2018-12-31
	Non-current	Non-current
	Assets	Assets
	\$	\$
China	1,129,434	808,924
Canada	2,141,724	882,741
Total	<u>3,271,158</u>	<u>1,691,665</u>

17 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to comply with the basis of presentation adopted in the current year.

18 - SUBSEQUENT EVENTS

- a) On April 26, 2019, the Company has placed 30.5 units of unsecured convertible debentures at \$10,000 per unit for a gross proceeds of \$305,000. Each unit sold is comprised of \$10,000 face value debentures, maturing on April 26, 2021, bearing interest at a nominal rate of 8% payable monthly, plus 200,000 purchase warrants exercisable into Company common share at \$0.10 per share for a period of 24 months from the date of issuance.

The debentures allow their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at a price the lower of \$0.05 per common share or a price per common share that is equal to the prevailing market price of the common shares on the trading day prior to their conversion

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at \$0.20 or more for 3 consecutive trading days.

- b) In April 2019, the company issued 75,000 warrants in consideration for the private placement close during the month at an exercise price of \$0.05, expiring after 24 months of their issuance.
- c) In May 2019, the company issued 1,800,000 common shares to settle \$90,000 of debt relating to consulting services received by the Company.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2019 and 2018

(In Canadian dollars)

18 - SUBSEQUENT EVENTS (continued)

- d) In May 2019, the Company granted two (2) options to a consultant to acquire 3,000,000 common shares (1,500,000 each option) at the price of the higher of \$0.05 per share and a price that is 20% higher than the Company stock price on the last trading day immediately preceding the date of the issuance of the stock option.
- e) In May 2019, the Company granted options to acquire 1,000,000 common shares to a consultant at a price of \$0.05 per common shares.
- f) In May 2019, the Company granted options to acquire 8,950,000 common shares to board members, officers and employees at a price of \$0.05 per common shares.