



PRODIGY
V E N T U R E S

PRODIGY VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2018 and 2017

(Unaudited - expressed in Canadian dollars)

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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

Signed: "**Thomas Beckerman**"
Chief Executive Officer

Signed: "**Andrew Hilton**"
Chief Financial Officer

Toronto, Ontario
August 14, 2018

Prodigy Ventures Inc.**Consolidated Interim Statements of Financial Position as at June 30, 2018 and December 31, 2017**

(Expressed in Canadian dollars)

(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash	\$ 730,914	\$ 1,223,036
Accounts receivable (Note 7)	3,463,061	2,301,593
Unbilled receivables	11,411	23,758
Income taxes recoverable	292,844	179,626
Prepaid expenses	35,570	48,477
	4,533,800	3,776,490
Non-current assets:		
Deferred tax asset	90,595	124,282
Property and equipment (Note 3)	67,227	77,201
	157,822	201,483
Total assets	\$ 4,691,622	\$ 3,977,973
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,013,542	\$ 1,443,279
Deferred revenue	20,591	40,567
	2,034,133	1,483,846
Total liabilities	2,034,133	1,483,846
Shareholders' Equity		
Share capital (Note 5)	533,904	501,537
Contributed surplus	129,978	112,635
Retained earnings	1,993,607	1,879,955
	2,657,489	2,494,127
Total liabilities and shareholders' equity	\$ 4,691,622	\$ 3,977,973

On behalf of the Board:

"Thomas Beckerman", Director

"Stephen Moore", Director

Commitments (Note 14)**Subsequent events (Note 15)***The accompanying notes are an integral part of these consolidated interim financial statements.*

Prodigy Ventures Inc.
Consolidated Interim Statements of Operations and Comprehensive Income
Three and six months ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenue (Note 9)	\$ 4,086,275	\$ 3,107,656	\$ 7,654,897	\$ 6,170,964
Direct costs	3,066,451	2,150,313	5,737,152	4,224,237
Gross profit	1,019,824	957,343	1,917,745	1,946,727
Expenses:				
Advertising and promotion	16,412	17,894	29,279	25,314
Compensation	497,323	265,865	866,011	587,333
Computer	27,717	29,426	56,830	56,723
Depreciation (Note 3)	5,853	4,971	11,643	9,450
Finance costs	2,871	3,539	3,133	6,709
Loss on sale of property and equipment	-	983	-	983
Office and general	2,348	2,028	5,043	4,220
Professional fees	50,572	135,500	100,361	212,750
Rent and occupancy	30,354	24,117	60,707	38,322
Research and development	209,351	275,301	562,182	531,234
Share-based compensation (Note 5)	29,710	14,874	29,710	29,407
Telecommunications	2,629	2,605	4,729	4,659
Travel	11,164	14,175	19,994	37,023
	886,304	791,278	1,749,622	1,544,127
Income before income taxes	133,520	166,065	168,123	402,600
Income taxes (Note 11)	44,240	49,550	54,471	116,916
Net income and comprehensive income for the period	\$ 89,280	\$ 116,515	\$ 113,652	\$ 285,684
Net income per share - basic (Note 12)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net income per share - diluted (Note 12)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Changes in Shareholders' Equity
Six months ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	Restricted voting shares	Share capital (Note 5)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2016	25,688,232	88,051,416	\$ 411,212	\$ 87,108	\$ 1,532,427	\$ 2,030,747
Share-based compensation	–	–	–	29,407	–	29,407
Exercise of options	41,669	–	9,352	(2,060)	–	7,292
Net income	–	–	–	–	285,684	285,684
Balance, June 30, 2017	25,729,901	88,051,416	\$ 420,564	\$ 114,455	\$ 1,818,111	\$ 2,353,130

	Common shares	Restricted voting shares	Share capital (Note 5)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2017	26,229,902	88,051,416	\$ 501,537	\$ 112,635	\$ 1,879,955	\$ 2,494,127
Share-based compensation	–	–	–	29,710	–	29,710
Exercise of options	200,000	–	32,367	(12,367)	–	20,000
Net income	–	–	–	–	113,652	113,652
Balance, June 30, 2018	26,429,902	88,051,416	\$ 533,904	\$ 129,978	\$ 1,993,607	\$ 2,657,489

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Cash Flows
Six months ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities		
Net income for the period	\$ 113,652	\$ 285,684
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation (Note 3)	11,643	9,450
Loss on sale of property and equipment	-	983
Share-based compensation (Note 5)	29,710	29,407
Finance costs	3,133	6,709
Income taxes	54,471	116,916
Change in non-cash operating working capital:		
(Increase) in accounts receivable	(1,161,470)	(218,776)
Decrease (increase) in unbilled receivables	12,347	(11,555)
Decrease in prepaid expenses	12,908	14,406
Increase (decrease) in accounts payable and accrued liabilities	570,262	(237,313)
(Decrease) in deferred revenue	(19,976)	(1,974)
Net cash flows (used in) operating activities before income taxes paid	(373,320)	(6,063)
Income taxes paid	(134,000)	(306,131)
Net cash flows (used in) operating activities	(507,320)	(312,194)
Cash flows from investing activities		
Purchase of property and equipment (Note 3)	(1,669)	(28,301)
Sale of property and equipment	-	2,492
Net cash flows (used in) investing activities	(1,669)	(25,809)
Cash flows from financing activities		
Repayments of long-term debt	-	(47,413)
Proceeds from exercise of stock options	20,000	7,292
Finance costs paid	(3,133)	(6,709)
Net cash flows from (used in) financing activities	16,867	(46,830)
(Decrease) in cash	(492,122)	(384,833)
Cash, beginning of period	1,223,036	2,016,658
Cash, end of period	\$ 730,914	\$ 1,631,825

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

1. NATURE OF OPERATIONS

Prodigy Ventures Inc. ("Prodigy" or the "Company") is engaged in creating platforms and applications with technologies in mobile, video, secure identity, voice, blockchain, payments, augmented reality and artificial intelligence. The Company provides clients with technology services for business strategy, application design, development and implementation. The Company was incorporated as 71 Capital Corp. under the Canada Business Corporations Act on February 6, 2008 and was classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSXV").

The Company's registered office is as follows: c/o Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, P.O. Box 95, TD Centre, Toronto, Ontario M5K 1G8. The Company's common shares are listed on the TSXV under the symbol PGV.

On September 10, 2015, the Company closed its Qualifying Transaction pursuant to an agreement between 71 Capital Corp., TCB Corporation and 2478677 Ontario Ltd., and 71 Capital Corp. changed its name to Prodigy Ventures Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual consolidated financial statements.

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are carried at fair value.

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

These financial statements were authorized for issuance by the Company's Board of Directors on August 14, 2018.

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the period.

Management continuously evaluates the estimates and underlying assumptions based on management's experience and knowledge of facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if affected.

Significant estimates made by management include the following:

Revenue recognition for professional services:

Revenue relating to fixed price professional services contracts is recognized based on the percentage of completion of the performance obligation which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. The Company estimates the costs associated with the performance obligation based on historical experience.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Allowance for doubtful accounts:

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual accounts receivable balance will be paid. Credit risks for outstanding accounts receivable is regularly assessed and reviewed. The allowance for doubtful accounts is recorded based on specific customer information and experience.

Deferred tax assets and liabilities:

The Company estimates the amount and the timing of the reversing of temporary differences giving rise to deferred tax assets or liabilities and recognizes this amount based on historical experience and substantively enacted tax rates.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary company, TCB Corporation. All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investment dealers, and short-term deposits with original maturities of less than three months at date of acquisition and are initially recorded at fair value. As at June 30, 2018 and December 31, 2017, the Company did not have any cash equivalents.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses recorded. Cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment and depreciated accordingly. The carrying amount of any replaced component or a component no longer in use is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of property and equipment will flow to the Company and the costs of the item can be reliably measured. All other expenses are charged to operating expenses as incurred.

Depreciation is based on the cost of an asset less its estimated residual value. Depreciation is charged to profit or loss over the estimated useful life of an asset. Depreciation is provided on a declining-balance basis using the following rates:

- Computer hardware – 30% declining balance
- Computer software – 30% declining balance
- Furniture – 30% declining balance

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such a change is recognized on a prospective basis in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition

The Company derives its revenues from software and related professional service contracts as well as the sale of digital products to end users. Revenue comprises the fair value of consideration received or receivable from the sale or license of products or the provision of services in the ordinary course of business, net of discounts and sales taxes. The Company recognizes revenue once persuasive evidence exists, generally in the form of an executed agreement, it is probable the economic benefits of the transaction will flow to the Company and revenue and costs can be measured reliably. If collection is not considered probable, revenue is recognized only once fees are collected.

The Company recognizes professional services revenues based on time and material incurred, or for fixed price professional service contracts, based on the percentage of completion of the performance obligation, which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. If a loss on a contract is considered probable, the loss is recognized when it is determinable.

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue earned in excess of contract billings is recorded as unbilled receivables. Cash proceeds received in advance of performance under contracts are recorded as deferred revenue. Deferred revenue is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from period end.

Operating leases

The aggregate cost of operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of the total lease expense over the term of the lease.

Research and development costs and investment tax credits

All costs relating to research are expensed as incurred. Investment tax credits are recognized in the period in which the credits are earned and realization is considered more likely than not. Assistance received or receivable is accounted for using the cost reduction approach.

Income tax and deferred taxes

The tax expense recognized in net income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

The tax currently payable is based on the taxable income or loss for the period. The taxable income or loss may differ from the income or loss for the period as reported in the accompanying consolidated statements of operations and comprehensive income due to the exclusion, if any, of revenue or expense items that are taxable or deductible in other periods, as well as items that are not taxable or deductible. The Company's liability for current income taxes is calculated using income tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax, if any, is recognized using the liability method on differences between the carrying amounts of assets and liabilities in the accompanying financial statements and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income or loss, nor the income or loss for the period reported in the Company's consolidated statements of operations and comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that have been enacted or substantively enacted by the end of the reporting period and applicable in the period in which the liability is expected to be settled or the asset realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of all or part of the asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Changes in deferred tax assets or liabilities are recognized as a component of taxable revenue or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case, the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in contributed surplus, over the vesting period of the award (Note 5(c)). The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon the exercising of options, the fair value of the options exercised that has been added to contributed surplus is reclassified to common shares and reflected in the consolidated statements of changes in shareholders' equity.

Equity settled transactions with non-employees are generally measured at the fair value of the goods or services received, and are measured with reference to the fair value of the equity instruments granted if the fair value of the goods or services received cannot be measured reliably.

Impairment testing of property and equipment

The costs of the Company's property and equipment not ready to be used, if any, are not subject to depreciation and are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable during a reporting period. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"s). An impairment loss is recognized for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset or CGU's fair value, less costs to sell, and value-in-use.

To determine the value-in-use, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. As a result, some assets are tested individually for impairment and some are tested at the CGU level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment losses recognized in respect of CGUs are allocated first to reducing the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to reducing the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis. Long-lived assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. For such assets, an impairment charge is reversed if the CGUs or individual asset's recoverable amount exceeds its carrying amount.

Provisions

Provisions are recognized when the Company has a present legal obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and this amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

Financial instruments – assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired. At initial recognition, the Company classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

Cash and cash equivalents are categorized as loans and receivables and are measured initially at fair value and subsequently at amortized cost.

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable comprise trade receivables and are included in current assets due to their short-term nature. Accounts receivable are initially measured at fair value and, subsequently, are measured at amortized cost using the effective interest method.

Accounts payable and those accrued liabilities which are financial instruments are initially recognized at fair value and, subsequently, they are measured at amortized cost, which generally corresponds to cost. These instruments are included in current liabilities due to their short-term nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of financial assets

Financial assets other than those carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for an asset.

The Company maintains an allowance for doubtful accounts at an amount estimated to be sufficient to provide adequate protection against losses resulting from collecting less than the full amount due on its accounts receivable. The Company considers evidence of impairment for accounts receivable at both a specific asset and a collective level. All individually significant accounts receivable are assessed for specific impairment. Individual overdue accounts are reviewed, and allowances are recorded, to report accounts receivable at net realizable value when known that they are not collectible in full. All individually significant receivables found not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses, if any, are recognized in the accompanying consolidated statements of operations and comprehensive income and are reflected in an allowance account against the corresponding financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss would be reversed.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Comprehensive income (loss)

Basic comprehensive income (loss) comprises net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) represents changes in shareholders' equity and would be presented as accumulated other comprehensive income (loss). However, the Company has not had material income or losses relating to other comprehensive income (loss) and, accordingly, has made no adjustments to the accompanying consolidated financial statements.

Income per share

The Company calculates basic income per share by dividing the net income attributable to common and restricted shareholders by the weighted average number of common and restricted shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common or restricted shares are exercised or converted. Diluted income (loss) per share would be equal to basic income (loss) per share when the effect of dilutive securities is anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently adopted accounting policy changes

Effective January 1, 2018, the Company has adopted the following standards and amendments which did not have a material impact on the consolidated financial statements.

IFRS 2 - Classification and Measurement of Share-based Payment Transactions ("IFRS 2") - On June 20, 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payments with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 - Financial Instruments ("IFRS 9") - IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard also includes a new general hedge accounting standard, which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will allow more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") - IFRS 15 replaces IAS 11, Construction Contracts and IAS 18, Revenue, as well as various interpretations regarding revenue. Under IFRS 15, the revenue recognition model has changed from one based on the transfer of risks and rewards of ownership to the transfer of control. The vast majority of the Company's contracts with customers include one performance obligation. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, upon delivery, the timing and amount of revenue considering discounts, rebates, and variable consideration, recognized from this principal revenue stream has not changed as a result of the adoption of this new standard.

Future accounting policy changes

At the date of the authorization of these consolidated financial statements, the IASB has issued the following new and revised standards and amendments which are not yet effective for the relevant periods.

IFRS 16 - Leases ("IFRS 16") - In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases ("IAS 17") standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three and six months ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

3. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2016	\$ 69,722	\$ 5,994	\$ 4,248	\$ 79,964
Additions	24,429	–	3,872	28,301
Disposals	–	–	(4,445)	(4,445)
Balance, June 30, 2017	\$ 94,151	\$ 5,994	\$ 3,675	\$ 103,820
Balance, December 31, 2017	\$ 110,880	\$ 5,994	\$ 4,910	\$ 121,784
Additions	1,669	–	–	1,669
Balance, June 30, 2018	\$ 112,549	\$ 5,994	\$ 4,910	\$ 123,453
Accumulated depreciation				
Balance, December 31, 2016	\$ 19,034	\$ 5,701	\$ 594	\$ 25,329
Depreciation	8,893	44	513	9,450
Disposals	–	–	(969)	(969)
Balance, June 30, 2017	\$ 27,927	\$ 5,745	\$ 138	\$ 33,810
Balance, December 31, 2017	\$ 38,288	\$ 5,789	\$ 506	\$ 44,583
Depreciation	10,951	31	661	11,643
Balance, June 30, 2018	\$ 49,239	\$ 5,820	\$ 1,167	\$ 56,226
Carrying amounts				
Balance, December 31, 2016	\$ 50,688	\$ 293	\$ 3,654	\$ 54,635
Balance, June 30, 2017	\$ 66,224	\$ 249	\$ 3,537	\$ 70,010
Balance, December 31, 2017	\$ 72,592	\$ 205	\$ 4,404	\$ 77,201
Balance, June 30, 2018	\$ 63,310	\$ 174	\$ 3,743	\$ 67,227

4. LINE OF CREDIT

In December 2017, the Company established an operating line of credit for up to \$2,000,000, which carries an interest rate of prime plus 1.15%. This facility is covered by a General Security Agreement and standard operating covenants. The Company has not utilized the operating line as of June 30, 2018.

5. SHARE CAPITAL

a) Authorized

Unlimited common shares: voting, without par value, participating

Unlimited restricted shares: non-voting, without par value, participating in dividends when concurrently declared on common shares

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three and six months ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

5. SHARE CAPITAL – CONTINUED

b) Shares issued and outstanding

	Number of shares	Amount
Common shares		
Balance, December 31, 2017	26,229,902	\$ 501,042
<u>Exercise of options</u>	<u>200,000</u>	<u>32,367</u>
Balance, June 30, 2018	26,429,902	533,409
Restricted shares (i)		
Balance, June 30, 2018 and December 31, 2017	88,051,416	\$ 495
Total		\$ 533,904

- (i) With the exception of certain voting rights, the restricted shares have the same attributes as the Company's common shares. The restricted shares are classified as common shares for purposes of net income per share calculations. The holders of the restricted shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, to such assets of the Company as are available for distribution. The restricted shares will also be converted into common shares, in the event of certain change of control transactions. The restricted shares are non-transferable. Each restricted share is convertible into one common share, without the payment of additional consideration by the holder thereof, in certain circumstances including, as and when such conversion is permitted by the rules of the TSXV which may include, without limitation, where additional common shares are issued by the Company to shareholders other than the holders of restricted shares. Any such conversion right shall be allocated among the holders of restricted shares on a pro rata basis according to their holdings of restricted shares.

c) Stock options outstanding

The Company has adopted a Stock Option Plan (the "Option Plan") to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. The Option Plan is a "rolling" stock option plan, whereby options may be granted equal in number to up to 10% of the issued common shares of the Company at the time of the grant of the stock option.

The following table reflects the continuity of stock options for the six months ended June 30, 2018 and 2017:

Expiry date	June 30, 2018			June 30, 2017		
	Number of options	Exercise price	Weighted average exercise price	Number of options	Exercise price	Weighted average exercise price
Outstanding, beginning of period		1,785,000	\$ 0.100	\$ 0.100	2,285,000	\$ 0.100
Granted ⁽ⁱ⁾	-	-	-	100,000	0.175	0.175
Granted ⁽ⁱⁱ⁾	-	-	-	183,823	0.350	0.350
Granted ⁽ⁱⁱⁱ⁾	590,000	0.175	0.175	-	-	-
Exercised	(200,000)	0.100	0.100	(41,669)	0.175	0.175
Cancelled/Expired	-	-	-	-	-	-
Outstanding, end of period	2,175,000		\$ 0.120	2,527,154		\$ 0.120
Vested, end of period	1,671,250		\$ 0.104	1,383,333		\$ 0.100

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5. SHARE CAPITAL – CONTINUED

- c) Stock options outstanding - continued
- (i) On January 13, 2017, the Company granted 100,000 incentive stock options for investor relations services. The options were to vest in equal amounts each month over 12 months commencing on January 16, 2017 and were exercisable at a price of \$0.175 per share for a period of one year from each individual vesting date. In July, 2017 the engagement was terminated and the remaining options expired.
- (ii) On April 30, 2017, the Company granted 183,823 incentive stock options for advisory services relating to prospective combination transactions (each a "Transaction"). Each option entitled the holder to acquire one common share of Prodigy at a price of \$0.35 at any time after the successful completion of a Transaction until the 24-month anniversary of the successful completion of a Transaction. In October 2017, the engagement was terminated and the remaining options expired.
- (iii) On April 1, 2018, officers of the Company were granted 590,000 incentive stock options. Of the total, 345,000 options will vest in 12 equal monthly instalments over 12 months which began on April 30, 2018, each exercisable into one common share at a price of \$0.175 per share for a period of two years from each vesting date. An additional 245,000 incentive stock options will vest on March 31, 2019 each exercisable into one common share at a price of \$0.175 per share until March 31, 2021.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at June 30, 2018 are as follows:

Exercise price	Options Outstanding			Options Exercisable	
	Number outstanding	Weighted average exercise price	Average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.100	775,000	\$ 0.100	0.50	775,000	\$ 0.100
\$ 0.100	810,000	\$ 0.100	1.50	810,000	0.100
\$ 0.175	590,000	\$ 0.175	2.49	86,250	0.175
Total	2,175,000	\$ 0.120	1.41	1,671,250	\$ 0.104

The estimated fair value of the options granted during the six months ended June 30, 2018 and 2017 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2018	June 30, 2017
Fair value of options	\$0.108 - \$0.123	\$0.08 - \$0.18
Exercise price	\$0.175	\$0.175 - \$0.35
Risk-free interest rate	1.92%	0.72% - 0.79%
Dividend yield	0%	0%
Volatility factor based on comparable companies	118.7%	99.1%
Weighted average expected life of the options, in years	2.08-3.00	1.47 - 2.00

The Company recorded stock-based compensation expense of \$29,710 for the six months ended June 30, 2018 (2017 - \$29,407) in connection with stock options issued.

d) Restricted Share Unit Plan

The Company has also adopted a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan is a complimentary mechanism to the Company's Option Plan. Its purpose is to provide an incentive to the Company's senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. Under the RSU Plan, the aggregate number of common shares which may be issued will not exceed 2,568,823 at the time of grant of any restricted share unit ("RSU"). As of June 30, 2018, the Company has not granted any RSU's under the RSU Plan.

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6. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the common and restricted shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the six months ended June 30, 2018 and 2017. As at June 30, 2018, the Company was not subject to externally imposed capital requirements other than standard operating covenants associated with the line of credit.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities and long-term debt where applicable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes approximates those of similar instruments in the current market. Except as otherwise noted, the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the Company's risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Credit risk

Concentration of credit risk relates primarily to the Company's accounts receivable, as the receivables are principally derived from one revenue source: technology services. During the six months ended June 30, 2018, the Company derived 82% of its revenue from one customer (2017 – 91% from one customer). As at June 30, 2018, one customer represented 87% (December 31, 2017 – 89%) of the accounts receivable balance. Over 98% of the Company's revenue was received from customers currently located in Canada (2017 – 99%). As at June 30, 2018, approximately 18% (December 31, 2017 – 51%) of the Company's accounts receivable are greater than 30 days past due. As at the following dates, the aging of gross trade and other receivables were as follows:

	June 30, 2018	December 31, 2017
Current	\$ 1,600,546	\$ 1,078,268
1 - 30 days	1,241,192	51,658
31 - 60 days	-	799,529
61 - 90 days	370,965	278,947
Greater than 90 days	250,358	93,191
Total	\$ 3,463,061	\$ 2,301,593

The allowance for doubtful accounts was nil at both June 30, 2018 and December 31, 2017. There is no indication, as at these dates, that the debtors will not meet their obligations. Bad debt expenses were nil for all reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all rental contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations, which limits the credit risk relating to the customer.

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and third-party financing to sustain ongoing operations. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. As at June 30, 2018 and December 31, 2017 the Company did not have any active debt and was therefore not subject to interest rate risk.

Fair value hierarchy

The following summarizes the Company's financial instruments that are carried at fair values according to the fair value hierarchy, which comprises the following levels. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers of financial assets between any of the levels during the six months ended June 30, 2018 and 2017.

8. ECONOMIC DEPENDENCE

For the six months ended June 30, 2018, approximately 82% (2017 – 91%) of the Company's revenue related to transactions entered into with one customer. As at June 30, 2018, approximately 87% (December 31, 2017 – 89%) of the accounts receivable balance related to this same customer.

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9. REVENUE

Revenue comprises:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Fixed price contracts	\$ 1,718,952	\$ 1,652,970	\$ 3,490,169	\$ 3,279,467
Time and materials	2,367,323	1,454,592	4,164,728	2,891,161
Digital product sales	-	94	-	336
Total	\$ 4,086,275	\$ 3,107,656	\$ 7,654,897	\$ 6,170,964

At June 30, 2018, the aggregate amount of costs incurred and revenue recognized to date under open fixed price contracts amounted to \$1,216,322 and \$1,884,673, respectively (December 31, 2017 - \$885,480 in costs incurred and \$1,335,822 in revenue recognized).

10. RELATED PARTY TRANSACTIONS

The Company rented office space from its Chief Executive Officer on a month-to-month lease. These transactions were in the normal course of operations and are measured at the fair value of the rented office space, which is the amount agreed to by the related parties. During the six months ended June 30, 2018, the Company paid \$6,000 (2017 - \$6,000) in rent and occupancy costs.

Compensation to key management personnel

Compensation earned for the six months ended June 30, 2018 and 2017 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Salaries, fees and benefits	\$ 1,029,476	\$ 928,554
Share-based compensation	29,710	19,655
Total	\$ 1,059,186	\$ 948,209

11. INCOME TAXES

Income tax expense is recognized on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for Company. For the six months ended June 30, 2018 the Company has recorded a provision for income tax of \$54,471 (2017 - \$116,916).

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12. NET INCOME PER SHARE

The computations for basic and diluted net income per share are as follows:

	Three months ended June 30,		Six months ended June 30	
	2018	2017	2018	2017
Net income for the period	\$ 89,280	\$ 116,515	\$ 113,652	\$ 285,684
Weighted average number of common and restricted shares outstanding, basic	114,314,285	113,753,227	114,297,893	113,746,400
Effect of dilutive securities – share based payments	642,475	1,657,788	808,801	1,620,658
Weighted average number of common and restricted shares outstanding, diluted	114,956,760	115,411,015	115,106,694	115,367,058
Net income per share, basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net income per share, diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

13. OPERATING SEGMENT INFORMATION

The Company evaluates operational performance based on two reportable operating segments. Prodigy's technology services provider, Prodigy Labs, provides clients with consulting services for strategy, design, project management, application development, staff augmentation and services related to Prodigy's business platforms. Prodigy is also a venture builder. This segment (the "Venture Builder") is creating new business platforms and applications in many of the highest growth technology segments: mobile, video, secure identity, voice, blockchain, payments, augment reality and artificial intelligence. The Venture Builder's business platforms and applications are or will be designed to deliver B2B, B2C, P2P (Peer to Peer) and IoT (Internet of Things) capabilities.

The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these consolidated financial statements. The accounting policies of the segments are the same as those described in Note 2.

Total segment assets and total segment liabilities are not measures used by the CODM to assess performance and to make resource allocation decisions.

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13. OPERATING SEGMENT INFORMATION - CONTINUED

- a) An analysis of the Company's revenue and expenses by segment is presented below for the six months ended June 30, 2018 and 2017. Over 98% of the Company's revenue was received from Canadian customers.

	Six months ended June 30, 2018			Six months ended June 30, 2017		
	Prodigy Labs	Venture Builder	Total	Prodigy Labs	Venture Builder	Total
Revenue	\$ 7,654,897	\$ -	\$ 7,654,897	\$ 6,170,627	\$ 337	\$ 6,170,964
Direct costs	5,737,152	-	5,737,152	4,216,523	7,714	4,224,237
Gross profit (loss)	1,917,745	-	1,917,745	1,954,104	(7,377)	1,946,727
Expenses:						
Advertising and promotion	27,052	2,227	29,279	13,883	11,431	25,314
Compensation	800,765	65,246	866,011	523,129	64,204	587,333
Computer	32,129	24,701	56,830	24,157	32,566	56,723
Depreciation	10,722	921	11,643	8,417	1,033	9,450
Finance costs	2,953	180	3,133	5,976	733	6,709
Loss on sale of property and equipment	-	-	-	876	107	983
Office and general	4,633	410	5,043	2,388	1,832	4,220
Professional fees	92,426	7,935	100,361	189,493	23,257	212,750
Rent and occupancy	22,924	37,783	60,707	9,580	28,742	38,322
Research and development	-	562,182	562,182	-	531,234	531,234
Share-based compensation	28,142	1,568	29,710	26,192	3,215	29,407
Telecommunications	3,867	862	4,729	4,150	509	4,659
Travel	18,471	1,523	19,994	32,976	4,047	37,023
	1,044,084	705,538	1,749,622	841,217	702,910	1,544,127
Net income (loss) before income taxes	873,661	(705,538)	168,123	1,112,887	(710,287)	402,600
Income taxes (recovery)	272,730	(218,259)	54,471	323,185	(206,269)	116,916
Net income (loss) and comprehensive income (loss) for the period	\$ 600,931	\$ (487,279)	\$ 113,652	\$ 789,702	\$ (504,018)	\$ 285,684

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13. OPERATING SEGMENT INFORMATION - CONTINUED

b) An analysis of the Company's revenue and expenses by segment is presented below for the three months ended June 30, 2018 and 2017. Over 99% of the Company's revenue was received from Canadian customers.

	Three months ended June 30, 2018			Three months ended June 30, 2017		
	Prodigy Labs	Venture Builder	Total	Prodigy Labs	Venture Builder	Total
Revenue	\$ 4,086,275	\$ -	\$ 4,086,275	\$ 3,107,561	\$ 95	\$ 3,107,656
Direct costs	3,066,451	-	3,066,451	2,146,418	3,895	2,150,313
Gross profit (loss)	1,019,824	-	1,019,824	961,143	(3,800)	957,343
Expenses:						
Advertising and promotion	15,546	866	16,412	8,071	9,823	17,894
Compensation	471,070	26,253	497,323	236,463	29,402	265,865
Computer	17,509	10,208	27,717	13,094	16,332	29,426
Depreciation	5,544	309	5,853	4,423	548	4,971
Finance costs	2,719	152	2,871	3,149	390	3,539
Loss on sale of property and equipment	-	-	-	876	107	983
Office and general	2,224	124	2,348	1,065	963	2,028
Professional fees	47,902	2,670	50,572	120,606	14,894	135,500
Rent and occupancy	12,806	17,548	30,354	6,029	18,088	24,117
Research and development	-	209,351	209,351	-	275,301	275,301
Share-based compensation	28,142	1,568	29,710	13,233	1,641	14,874
Telecommunications	1,989	640	2,629	2,318	287	2,605
Travel	10,575	589	11,164	12,602	1,573	14,175
	616,026	270,278	886,304	421,929	369,349	791,278
Net income (loss) before income taxes	403,798	(270,278)	133,520	539,214	(373,149)	166,065
Income taxes (recovery)	133,793	(89,553)	44,240	159,802	(110,252)	49,550
Net income (loss) and comprehensive income (loss) for the period	\$ 270,005	\$ (180,725)	\$ 89,280	\$ 379,412	\$ (262,897)	\$ 116,515

14. COMMITMENTS

The Company has entered into a seventeen-month lease agreement effective May 2017. As at June 30, 2018, the future minimum annual base rent on office premises under existing operating leases is:

2018	\$ 13,431
Total	\$ 13,431

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15. SUBSEQUENT EVENTS

In July, 2018 the Company entered into a thirty-eight month lease agreement effective October, 2018. The future minimum annual base rent on office premises for the new operating lease is:

2018	\$ 42,906
2019	171,625
2020	171,625
2021	157,323
<hr/>	
Total	\$ 543,479