TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements
For the three months ended September 30, 2019
(Unaudited)

Notice to Reader

The following condensed interim consolidated financial statements and notes have not been reviewed by the Company's auditors but have been reviewed and approved by the Company's Audit Committee and Board of Directors.

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TOTAL TELCOM INC.
Condensed Interim Consolidated Balance Sheets

	September 30, 2019 (unaudited)	June 30, 2019 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 1,503,860**	$ 1,448,344
Trade and other receivables	**167,550**	148,101
Inventories	**125,456**	146,716
Prepaid expenses	**13,223**	4,877
	1,810,089	1,748,038
RENTAL EQUIPMENT (Note 4)	**194,025**	191,899
PRODUCT DEVELOPMENT (Note 5)	**760,123**	678,024
PROPERTY, PLANT AND EQUIPMENT (Note 6)	**4,435**	4,928
RIGHT OF USE ASSET (Note 7)	**326,432**	-
	$ 3,095,104	$ 2,622,889
LIABILITIES		
CURRENT		
Trade and other payables	**$ 209,929**	$ 148,156
Deferred revenue	**22,182**	51,300
Current portion of lease liability (Note 8)	**62,902**	-
	295,013	199,456
LEASE LIABILITY (Note 8)	**265,901**	-
	560,914	**199,456**
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**1,984,288**	1,984,288
Contributed surplus	**137,530**	137,530
Retained earnings	**412,372**	301,615
	2,534,190	2,423,433
	$ 3,095,104	$ 2,622,889

TOTAL TELCOM INC.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
Unaudited

	Three months ended September 30, 2019	2018
SALES	$ **420,347**	$ 346,760
COST OF SALES (Note 4)	**196,008**	161,754
GROSS PROFIT	**224,339**	185,006
GENERAL AND ADMINISTRATIVE EXPENSES	**89,779**	112,836
INTEREST ON LEASE LIABILITY (Note 8)	**5,124**	-
AMORTIZATION OF RIGHT OF USE ASSET (Note 7)	**17,487**	-
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**11,700**	7,825
DEPRECIATION (Note 6)	**493**	222
	124,583	120,883
INCOME FROM OPERATIONS	**99,756**	64,123
OTHER ITEMS		
Foreign exchange gains (losses)	**8,532**	(16,017)
Finance income	**2,469**	1,726
	11,001	(14,291)
INCOME BEFORE INCOME TAXES	**110,757**	49,832
PROVISION FOR INCOME TAXES		
Current	**28,000**	13,000
Application of income tax losses carried forward	**(28,000)**	(13,000)
	-	-
NET INCOME AND COMPREHENSIVE INCOME	$ **110,757**	$ 49,832
EARNINGS (LOSS) PER SHARE (Note 10)		
Basic	$ **0.004**	$ 0.002
Diluted	$ **0.004**	$ 0.002
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**24,965,014**	24,965,014

TOTAL TELCOM INC.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
Unaudited

	2019								
	Number of shares		**Share capital**		**Contributed surplus**		**Deficit**		**Total shareholders' equity**
Balance at June 30, 2019	24,965,014	$	1,984,288	$	137,530	$	301,615	$	2,423,433
Net income for the three months ended September 30, 2019			-		-		110,757		110,757
Balance at September 30, 2019	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**412,372**	**$**	**2,534,190**

	2018								
	Number of shares		**Share capital**		**Contributed surplus**		**Deficit**		**Total shareholders' equity**
Balance at June 30, 2018	24,965,014	$	11,362,583	$	389,337	$	(9,630,102)	$	2,121,818
Net income for the three months ended September 30, 2018			-		-		49,832		49,832
Balance at September 30, 2018	**24,965,014**	**$**	**11,362,583**	**$**	**389,337**	**$**	**(9,580,270)**	**$**	**2,171,650**

TOTAL TELCOM INC.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited

	Three months ended September 30	
	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net income for the period	**$ 110,757**	$ 49,832
Items not affecting cash:		
Amortization of rental equipment	**21,282**	18,883
Loss on disposal of rental equipment	**757**	5,746
Amortization of right of use asset	**17,487**	-
Amortization of product development costs	**11,700**	7,825
Depreciation	**493**	222
	162,476	82,508
Net change in non-cash working capital	**26,121**	-33,712
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**188,597**	48,796
FINANCING		
Lease liability principal payments	**(15,117)**	-
INVESTING		
Purchase of rental equipment	**(24,165)**	-42,679
Product development costs	**(93,799)**	-94,961
	(117,964)	(137,640)
Net increase (decrease) in cash and cash equivalents	**55,516**	(88,844)
CASH, BEGINNING OF PERIOD	**1,448,344**	1,505,879
CASH, END OF PERIOD	**$ 1,503,860**	$ 1,417,035
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest received	**$ 2,469**	$ 1,726
Interest paid on lease liability	**$ 5,124**	$ -

1. NATURE OF OPERATIONS

Total Telcom Inc. (the "Company"), through its wholly owned subsidiary ROM Communications Inc. is a developer and provider of remote asset monitoring and tracking products and services primarily in North America.

The Company is incorporated under the Business Corporations Act of Alberta. The Company's head office is located at #540, 1632 Dickson Avenue, Kelowna, British Columbia V1Y 7T2. The Company's common shares are traded on the TSX Venture Exchange under the symbol TTZ.

2. BASIS OF PRESENTATION

These financial statements for the three months ended September 30, 2019 have been prepared in accordance with International Financial Accounting Standard ("IAS") 34 *Interim Financial Reporting* on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended June 30, 2019. Certain information and footnote disclosure 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 omitted or condensed. These financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2019.

These condensed consolidated interim financial statements include the accounts of Total Telcom Inc. and its wholly owned subsidiary ROM Communications Inc. All intercompany balances and transactions have been eliminated.

These financial statements have been prepared on the historical cost basis except for cash and cash equivalents and share-based payment arrangements that have been measured at fair value.

All amounts are reported in Canadian dollars, unless otherwise noted.

These financial statements were approved and authorized for issue by the Board of Directors on November 26, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended June 30, 2019 except that the Company adopted IFRS 16 effective July 1, 2019.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are capitalized by recognizing the present value of the lease payments and showing them as a Right of Use Asset. If lease payments are made over time, the Company also recognizes a Lease Liability representing its obligations to make future lease payments.

The Company applied the modified retrospective approach on transition to IFRS 16. Under this approach the Right of Use Asset was recorded at the amount equal to the Lease Liability as of the date of initial application being July 1, 2019. No restatement of opening retained earnings was required under this approach and comparative figures have not been restated to reflect the full retrospective application of IFRS 16.

4. RENTAL EQUIPMENT

		Rental Units
Cost or deemed cost		
Balance at June 30, 2019	$	316,325
Additions		24,165
Disposals		(808)
Balance at September 30, 2019	**$**	**339,682**
Depreciation and impairment losses		
Balance at June 30, 2019	$	124,426
Amortization		21,282
Disposals		(51)
Balance at September 30, 2019	**$**	**145,657**
Carrying amounts		
At June 30, 2019	$	191,899
At September 30, 2019	**$**	**194,025**

Cost of sales includes $21,282 (September 30, 2018 - $18,883) for amortization of rental units and a loss of disposal of rental units of $757 (September 30, 2018 – $5,746).

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2019	$	709,314
Additions		93,799
Disposals		-
Balance at September 30, 2019	**$**	**803,113**
Depreciation and impairment losses		
Balance at June 30, 2019	$	31,290
Amortization		11,700
Disposals		-
Balance at September 30, 2019	**$**	**42,990**
Carrying amounts		
At June 30, 2019	$	678,024
At September 30, 2019	**$**	**760,123**

6. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Equipment and furniture	Mobile equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at June 30, 2019	$ 64,299	$ 36,913	$ 15,896	$ 35,000	$ 152,108
Additions	-	-		-	-
Balance at September 30, 2019	**$ 64,299**	**$ 36,913**	**$ 15,896**	**$ 35,000**	**$ 152,108**
Depreciation and impairment losses					
Balance at June 30, 2019	$ 59,371	$ 36,913	$ 15,896	$ 35,000	$ 147,180
Depreciation	493	-	-	-	493
Balance at September 30, 2019	**$ 59,864**	**$ 36,913**	**$ 15,896**	**$ 35,000**	**$ 147,673**
Carrying amounts					
At June 30, 2019	$ 4,928	$ -	$ -	$ -	$ 4,928
Balance at September 30, 2019	**$ 4,435**	**$ -**	**$ -**	**$ -**	**$ 4,435**

7. RIGHT OF USE ASSET

		Right Of Use Asset
Cost or deemed cost		
Balance at June 30, 2019	$	-
Additions		343,919
Disposals		-
Balance at September 30, 2019	**$**	**343,919**
Depreciation and impairment losses		
Balance at June 30, 2019	$	-
Amortization		17,487
Disposals		-
Balance at September 30, 2019	**$**	**17,487**
Carrying amounts		
At June 30, 2019	$	-
At September 30, 2019	**$**	**326,432**

The Company is obligated under an operating lease for rented premises which expire in May, 2024 (see Note 8). The Company has recognized a Right of Use Asset equal to the Lease Liability at July 1, 2019. This Right of Use Asset is amortized on a straight line basis over the remaining term of the lease.

8. LEASE LIABILITY

		September 30 2019		June 30 2019
Lease Liability for occupied premises requiring monthly payments of $6,747 including interest at the Company's incremental borrowing rate of 6% per annum until May 2024.	$	328,803	$	-
Less principal amounts due within one year		62,902		-
	$	265,901	$	-

The future minimum payments required under the lease are as follows:

		Principal		Interest		Total
2020	$	62,902	$	18,061	$	80,963
2021		66,833		14,130		80,963
2022		70,956		10,007		80,963
2023		75,331		5,632		80,963
2024		52,781		1,195		53,976
	$	328,803	$	49,025	$	377,828

9. SHARE CAPITAL

During the quarter, the Company no common shares were issued or repurchased by the Company.

10. EARNINGS PER SHARE

Earnings per share is calculated using the weighted average number of common shares outstanding during the period, which was 24,965,014 (2018 – 24,965,014).

11. SHARE-BASED COMPENSATION

Under the Total Telcom Inc. Employee Stock Option Plan, options to purchase common shares of the Company may be granted to key employees, independent contractors and directors of the Company that entitle the holder to purchase one common share at a subscription price of not less than 100% of the market value on the effective date of the grant. The holder has the right to exercise the options immediately after issue, but the resulting shares cannot be traded until four months after the date the options were granted. Options expire five years after being issued or 90 days after an employee ceases employment with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of employment.

The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 10% of the total issued and outstanding common shares of the Company.

Under the Employee Stock Option Plan, certain key employees and directors have the following options to purchase common shares:

(a) 250,000 common shares at $0.10 per share – options expire February 18, 2021;
(b) 100,000 common shares at $0.10 per share – options expire May 31, 2021;
(c) 830,000 common shares at $0.10 per share – options expire November 30, 2021; and
(d) 250,000 common shares at $0.20 per share – options expire April 30, 2023

The average remaining contracted life of outstanding stock options is 2.25 years.

The following stock options were outstanding as at September 30, 2019:

Share options outstanding	**Number of options**	**Weighted average exercise price**
Balance at June 30, 2019	1,430,000	$ 0.12
Exercised	-	
Granted	-	
Expired	-	
Forfeited	-	
Balance, September 30, 2019	**1,430,000**	**$ 0.12**

At September 30, 2019 all stock options were exercisable.

The fair value of any stock options granted to directors, officers, employees and independent contractors is recorded in general and administrative expenses over the vesting period with the offset recorded to contributed surplus. During the period the Company did not issue any stock options nor did any stock options vest.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties

General and administrative expenses include $7,500 (2018 - $7,500) management fees payable to a company controlled by a director.

Key management personnel compensation

Aggregate compensation to the directors and key management personnel of the Company during the period was as follows:

	Three months ended September 30, **2019**	Three months ended September 30, 2018
Salareies and short-term employee benefits	**$ 32,550**	$ 32,550
Management fees	**7,500**	7,500
Director fees	**2,500**	2,500
	$ 42,550	$ 42,550

Salaries and short-term employee benefits consist of salaries, bonuses, directors' fees, and all other short-term monetary and non-monetary benefits. Share-based payment benefits consist of the fair value of share-option awards expensed in the period. There were no share-based benefits paid in the three months ended September 30, 2019 or 2018. No long-term, post-employment or termination benefits were recognized in the three months ended September 30, 2019 or the three months ended September 30, 2018.

13. SEGMENTED INFORMATION

The Company operates within a single operating segment - the development and sale of remote asset monitoring and tracking products and services. Management assesses performance and makes resource decisions based on the consolidated results of operations in this operating segment.

The Company operates in the following geographical segments. Revenue is attributed to these geographical segments based on the country to which the product sales or service are delivered.

	Three months ended September 30,	
	2019	2018
Revenue		
United States	$ **277,454**	$ 236,518
Canada	**142,893**	109,019
Other	**-**	1,223
	$ **420,347**	$ 346,760

The Company's revenue is broken down into the following products and services:

	Three months ended September 30,	
	2019	2018
Revenue		
Communications	$ **200,862**	$ 206,920
Equipment rental	**150,872**	113,832
Hardware sales, development and installation	**68,613**	26,008
	$ **420,347**	$ 346,760

During the three months ended September 30, 2019, the Company had one customer (2018 – one customers) that accounted for more than 10% of the Company's total revenue. The total revenue from this customer was $125,871 (2018 – $120,996).

Non-current assets consists equipment, right of use asset and rental equipment. The equipment and right of use asset are located in entirely in Canada, but the location of the rental equipment varies depending on where the units are being used. For the quarter ended September 30, 2019, the rental equipment was used exclusively in the United States.