3 TIER LOGIC INC.

INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

(Unaudited)

3 Tier Logic Inc.
Interim Statements of Financial Position
As at September 30, 2014 and December 31, 2013
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2014	December 31, 2013
	$	$
ASSETS		
CURRENT		
Cash	**94,328**	-
Accounts receivable	**15,742**	980
Prepaids and other assets	**14,962**	15,856
Work in process	**12,670**	6,267
Current assets	**137,702**	23,103
NON-CURRENT		
Equipment (Note 6)	**15,724**	10,745
Total assets	**153,426**	33,848
LIABILITIES		
CURRENT		
Accounts payable and other liabilities (Note 12)	**129,697**	220,604
Deferred revenue	**53,675**	71,959
Short-term loan (Note 7)	**178,998**	-
Convertible debenture (Note 7)	**940,287**	-
Interest payable	**73,880**	-
Derivative liability (Note 7)	**89,224**	-
Due to related party (Note 9)	**74,327**	6,215
Total liabilities	**1,540,088**	298,778
DEFICIT		
Share capital (Note 8)	**775,075**	775,075
Share-based payment reserve (Note 8)	**1,415,575**	1,081,856
Deficit	**(3,577,312)**	(2,121,861)
Total deficit	**(1,386,662)**	(264,930)
Total deficit and liabilities	**153,426**	33,848

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

GOING CONCERN (Note 2)
SUBSEQUENT EVENTS (Note 14)

Approved on behalf of the Board

Director *"Robert Craig"*
Robert Craig

Director *"Carlos Yong"*
Carlos Yong

3 Tier Logic Inc.
Interim Statements of Comprehensive Loss
For the three and nine-month periods ended September 30, 2014 and 2013
(Expressed in Canadian dollars, except number of shares)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
REVENUE	$ 120,097	$ 109,027	$ 243,997	$ 550,533
COST OF SALES (Notes 9 and 13)	106,194	39,573	175,140	135,299
GROSS PROFIT	13,903	69,454	68,857	415,234
OPERATING EXPENSES				
General and administrative (Notes 9 and 13)	185,843	60,593	420,998	178,001
Sales and marketing (Note 13)	168,527	15,607	395,051	122,406
Research and development (Notes 9 and 13)	83,734	13,346	267,342	162,417
Share-based compensation (Notes 8 and 9)	40,340	26,810	333,719	80,107
Depreciation (Note 6)	3,300	958	5,116	2,874
TOTAL OPERATING EXPENSES	481,744	117,314	1,422,226	545,805
OPERATING LOSS	(467,841)	(47,860)	(1,353,369)	(130,571)
OTHER ITEMS:				
Interest expense	(48,354)	25	(101,066)	103
Foreign exchange gain (loss)	8,904	-	(1,016)	-
NET AND COMPREHENSIVE LOSS	$ (507,291)	$ (47,835)	$ (1,455,451)	$ (130,468)
Loss per share				
- basic and diluted	**$ (0.05)**	**$ (0.01)**	**$ (0.15)**	**$ (0.01)**
Weighted average number of common shares outstanding				
- basic and diluted	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**

The accompanying notes are an integral part of these financial statements

3 Tier Logic Inc.
Interim Statements of Changes in Deficit
For the nine-month period ended September 30, 2014 and 2013
(Expressed in Canadian Dollars, except number of shares)
(Unaudited)

	Number of Common shares	Share capital	Share-based payment reserve	Deficit	Total
		$	$	$	$
Balance as at January 1, 2013	**10,000,000**	**775,075**	**974,720**	**(1,508,476)**	**241,319**
Share-based compensation	-	-	80,107	-	80,107
Net and comprehensive loss	-	-	-	(130,468)	(130,468)
Balance as at September 30, 2013	**10,000,000**	**775,075**	**1,054,827**	**(1,638,944)**	**190,958**
Balance as at January 1, 2014	**10,000,000**	**775,075**	**1,081,856**	**(2,121,861)**	(264,930)
Share-based compensation	-	-	333,719	-	333,719
Net and comprehensive loss	-	-	-	(1,455,451)	(1,455,451)
Balance as at September 30, 2014	**10,000,000**	**775,075**	**1,415,575**	**(3,577,312)**	**(1,386,662)**

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

3 Tier Logic Inc.
Interim Statements of Cash Flows
For the nine-month period ended September 30, 2014 and 2013
(Unaudited)
(Expressed in Canadian Dollars)

	Nine months ended	
	September 30, 2014	**September 30, 2013**
OPERATING ACTIVITIES		
Net loss	$ (1,455,451)	$ (130,468)
Items not affecting cash:		
Share-based compensation	333,719	80,107
Depreciation of equipment	5,116	2,874
Accretion on convertible debt	28,175	-
	(1,088,441)	(47,487)
Net changes in working capital items (Note 11)	(55,582)	18,243
	(1,144,023)	(29,244)
INVESTING ACTIVITIES		
Additions to equipment	(10,095)	-
FINANCING ACTIVITIES		
Convertible debenture	1,001,336	-
Short-term loan	178,998	-
Net changes in related-party loan	68,112	(3,450)
	1,248,446	(3,450)
CHANGE IN CASH	94,328	(32,694)
CASH - BEGINNING OF PERIOD	-	32,694
CASH - END OF PERIOD	$ 94,328	$ -

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

1. INCORPORATION AND NATURE OF OPERATIONS

3 Tier Logic Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 17, 2008. The head and registered office of the Company is located at 422 Richards Street, Suite 160, Vancouver, BC, V6B 2Z4. On January 4, 2010, the Company's name was changed to 3 Tier Logic Inc. from 3 Tier Logic Canada Inc.

The Company produces and sells software products that use social media to allow companies to better engage with their end customers. The Company sells its products in Canada and the United States.

On March 10, 2014, the Company entered into a Share Exchange Agreement with KCO Capital Inc. ("KCO") a company listed and publicly traded on the TSX Venture Exchange ("TSX-V") as a Capital Pool Company ("CPC"). Under the terms of the Share Exchange Agreement, KCO will issue 36,000,000 shares of KCO to the shareholders of the Company in exchange for all of the issued and outstanding shares of the Company ("Share Exchange Agreement"). Legally, the Company will be a wholly-owned subsidiary of KCO. However, the proposed Share Exchange Agreement will result in a share allocation such that the Company's shareholders will control KCO. Referred to as a reverse take over, the Company will be deemed to be the acquirer for accounting purposes.

The above Share Exchange Agreement with KCO was completed on October 30, 2014 (Note 14).

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a. Statement of Compliance

These condensed interim financial statements (the "Financial Statements") are for the three and nine months ended September 30, 2014 and are presented in Canadian dollars, which is the Company's functional currency. The Company prepares its condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). Accordingly, these condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements for the year ended December 31, 2013.

These Financial Statements were authorized for issue by the directors of the Company on November 28, 2014.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

b. Going Concern

These Financial Statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. These Financial Statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, and prior operating results. As at September 30, 2014, the Company has incurred accumulated losses of $3,577,312. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

c. Basis of measurement

These financial statements have been prepared on the historical cost basis, except for where IFRS requires recognition at fair value.

d. Functional and presentation currency

These financial statements are presented in Canadian dollars which is the functional currency of the Company.

e. Significant Estimates Assumptions and Judgements

When preparing the condensed interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended December 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended December 31, 2013.

4. CAPITAL MANAGEMENT

The Company considers cash and share capital as capital.

The Company manages its capital structure to safeguard its ability to operate as a going concern, to provide sufficient resources to meet day-to-day operating requirements, to grow the business of the Company through increased sales and to improve existing products and develop new products.

The Company's management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

5. FINANCIAL RISK

a. Fair value

The fair value of the Company's financial assets and liabilities approximate their carrying value due to their short-term nature.

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

Asset/Liability	*Category*	*Measurement*
Cash	Fair value through profit or loss	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payables	Other financial liability	Amortized cost
Due to shareholders	Other financial liability	Amortized cost
Short term loan	Fair value through profit or loss	Fair value
Convertible debenture	Fair value through profit or loss	Fair value
Derivative liability	Fair value through profit or loss	Fair value

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

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

As at September 30, 2014, the Company measures its cash at fair value on a reporting period basis using Level 1 indicators.

During the period, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

5. FINANCIAL RISK (continued)

b. Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate. The Company believes that it will generate sufficient funds from operations and financing activities to cover the expected short and long term cash requirements.

c. Currency risk

The Company's functional and reporting currency is the Canadian dollar. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to the United States dollar ("USD") as some of the Company's revenues and expenses are in USD. To limit the impact of fluctuations of the Canadian dollar over the foreign currencies, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

d. Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Accounts receivables are the most significant financial instrument that is exposed to credit risk.

The Company provides credit to its customers in the normal course of operations. To minimize this risk, the Company grants credit to creditworthy customers and requires a portion of payment in advance.

The Company believes that its exposure to credit risk is low, at present, due to a small number of customers. The maximum exposure to loss arising from accounts receivables is equal to their total carrying amounts.

e. Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

6. EQUIPMENT

	Computer Equipment			Office Furniture and Equipment			
	Cost $	Accumulated Depreciation $	Net Book Value $	Cost $	Accumulated Depreciation $	Net Book Value $	Total Net Book Value $
December 31, 2012	29,166	(26,699)	2,467	20,779	(8,735)	12,044	**14,510**
Additions	-		-	-			**-**
Depreciation		(1,090)			(1,784)		**(2,874)**
September 30, 2013	29,166	(27,788)	2,467	20,779	(10,519)	12,044	**11,637**
December 31, 2013	29,164	(28,054)	1,110	20,779	(11,144)	9,635	**10,745**
Additions	10,095		10,095	-		-	**10,095**
Depreciation		(3,671)	(3,671)		(1,445)	(1,445)	**(5,116)**
September 30, 2014	39,259	(31,725)	7,534	20,779	(12,589)	8,190	**15,724**

7. DEBT INSTRUMENTS

	September 30, 2014	December 31, 2013
Short-term debt [(1)]	**$178,998**	$ -
Convertible debenture [(2)]	**940,287**	-
Total debt	**$1,119,285**	$ -

(1) On February 12, 2014, the Company signed a Loan Agreement with KCO (the "KCO Loan"). KCO agreed to advance a $25,000 loan to the Company, bearing an interest rate of 6% per annum, pending the completion of the transaction with the Company. On April 30, 2014, KCO agreed to lend up to an additional $200,000 at an interest rate of 12% compounded annually with interest payable on the maturity date. The loan will mature on the earlier of the closing of the Share Exchange Agreement or November 30, 2014. On July 18, 2014, KCO advanced $153,998 of this loan. The Company is required to pay back the loan with interest to KCO within 30 days of termination of the Share Exchange Agreement or under mutual agreement if the transaction is completed.

Due to the short-term nature of this loan, the Company has determined that its fair value approximates its carrying value.

7. DEBT INSTRUMENTS (Continued)

(2) On March 10, 2014, the Company issued $1,015,000 in convertible debentures (the "Debentures"). The Debentures bear interest at 12% annually for the first year and 15% annually thereafter. The Debentures are convertible into common shares of KCO at a conversion price of $0.10 per share. If the transaction with KCO does not occur prior to November 30, 2014, the Debenture holders may elect to convert the Debentures into common shares of the Company at a conversion price such that the Company has a valuation of $3,600,000. The Debentures are secured by the assets of the Company.

The Company used the residual value method to allocate the principal amount of the debenture and the corresponding issuance costs of $13,664, between the liability and the equity component. The fair value of the liability component at issuance was $912,012 computed as the present value of future principal and interest payments discounted at a rate of 18.88%. The Company determined that there was an embedded derivative in the convertible debenture due to the possibility of the convertible debenture converting to shares of the Company rather than KCO. At issuance and September 30, 2014, the derivative liability was valued at $89,224. As a result the residual amount allocated to equity was $nil.

During the nine months ended September 30, 2014, the Company recognized accretion expense on the convertible debt of $28,176 to increase the carrying value of the liability portion to its fair value.

	Convertible Debenture
	$
Balance, beginning	912,112
Accretion of convertible debt	28,175
Balance, ending	940,287

8. SHARE CAPITAL

Authorized: Unlimited common shares, voting, with no par value.

	Number of shares	Amount
		$
Balance, December 31, 2013	10,000,000	775,075
Balance, September 30, 2014	**10,000,000**	**775,075**

8. SHARE CAPITAL (Continued)

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to purchase common shares of the Company.

The following weighted average assumptions were used in calculating the fair value of stock options granted during the nine month period ended September 30, 2014 using the Black-Scholes Option Pricing Model:

	September 30, 2014 [(1)]
Risk-free interest rate	2.28%
Expected life	6.6 years
Expected volatility	120%
Dividend rate	0%
Average share price at date of grant	$0.31

(1) On June 1, 2014, the Company granted 550,000 options to an officer and consultants of the Company which may be exercised until December 31, 2020 at a price of $0.25 per share. These options are subject to vesting conditions.

Summary of the Company's share purchase options:

	September 30, 2014	
	Number	Weighted average exercise price $
Balance, beginning	5,180,000	0.20
Granted	550,000	0.25
Expired	(450,000)	0.21
Exercised	-	-
Outstanding - end of period	5,280,000	0.20

During the nine month period ended September 30, 2014, the Company recorded share-based expense of $333,719 (2013 - $80,107) upon the vesting of stock options. The fair value of each option is accounted for over the period of the options and the related credit is included in share-based payment reserve.

8. SHARE CAPITAL (Continued)

Share-based payments

The table below summarizes information on stock options:

Outstanding options	Weighted average remaining contractual (years)	Weighted average exercise price	Exerciseable options
		$	
1,700,000	6.25	0.20	1,700,000
50,000	3.25	0.20	37,500
500,000	8.25	0.20	500,000
350,000	7.25	0.20	350,000
50,000	4.25	0.20	50,000
500,000	7.25	0.20	200,000
50,000	6.25	0.20	-
600,000	6.25	0.20	-
180,000	6.25	0.20	45,000
350,000	7.25	0.20	350,000
500,000	8.25	0.20	500,000
450,000	6.25	0.25	50,000
5,280,000	6.81	0.20	3,782,500
Weighted average exercise price			$0.20

9. RELATED PARTY TRANSACTIONS

During the periods ended September 30, 2014 and 2013, the Company incurred the following key management compensation charges with companies controlled by the Chief Executive Officer ("CEO"), the Chief Technology Officer ("CTO"), and by a company that employs the Chief Financial Officer ("CFO") of the Company:

	Three months ended		**Nine months ended**	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Management fee – CEO, Director	**103,631**	30,000	**187,631**	90,000
Management fee – CTO, Director	**30,000**	24,000	**90,000**	72,000
Management fee – CFO	**15,000**	-	**32,500**	-
Stock based compensation (non-cash)	**18,401**	-	**271,998**	-
Total	**167,032**	54,000	**582,129**	162,000

9. RELATED PARTY TRANSACTIONS (Continued)

The management fees were allocated to cost of sales, general and administrative, and research and development expenses.

On August 29, 2014, the Company entered into a Debt Settlement Agreement (the "Agreements") with certain related parties. Pursuant to the Agreements, the Company will pay $70,194 within a 24 month period to settle all amounts owed and forgive all amounts owed from the related parties and companies controlled by the related parties as at the date of the Agreements. As at September 30, 2014, $74,327 (December 31, 2013 – $6,215) was due to ActiveStream Technologies Inc. and a company controlled by the CTO of the Company. The amounts are non interest bearing and unsecured.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment. The summarized financial information for the revenue derived by geographic segment is as follows:

	Three months ended		**Nine months ended**	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Total revenues				
Canada	**33,730**	61,292	**125,500**	246,246
United States	**86,367**	47,735	**118,497**	304,287
	120,097	109,027	**243,997**	550,533

During the nine months ended September 30, 2014, $96,500 was related to revenue from three customers based in Canada and a total of $57,610 related to revenue from a single customer based in the USA.

11. CASH FLOWS

	Nine months ended	
Net changes in working capital items:	**September 30, 2014**	September 30, 2013
Accounts receivable	**(14,762)**	(1,684)
Prepaids and other assets	**894**	(40,912)
Work in process	**(6,403)**	-
Accounts payable and other liabilities	**(90,907)**	67,435
Deferred revenue	**(18,284)**	(6,596)
Interest payable	**73,880**	-
	(55,582)	18,243

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	September 30, 2014	December 31, 2013
Accounts payable	**120,048**	156,412
Accrued liabilities	**9,649**	51,000
Government remittances	**-**	13,192
	129,697	220,604

13. OPERATING EXPENSES

The following table presents the Company's operating expenses by nature:

	Three months ended		**Nine months ended**	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Cost of sales				
Consulting fees	50,229	23,427	58,616	88,076
Wages & salaries	21,589	1,622	32,814	12,846
Hosting and other overhead	29,994	9,975	79,162	22,180
Advertising re-sold to customers	4,382	4,549	4,548	12,197
	106,194	39,573	175,140	135,299
General and administrative				
Consulting fees	108,730	15,000	206,968	45,000
Wages and salaries	-	6,731	-	26,774
Professional fees	42,790	14,269	135,590	18,437
Office and insurance	30,398	9,088	70,932	55,149
Supplies and other overhead	1,453	8,025	2,706	23,154
Penalties and interest	2,311	1,480	2,843	3,487
Bad debt	161	6,000	1,959	6,000
	185,843	60,593	420,998	178,001
Sales and marketing				
Consulting fees	74,439	12,392	221,870	90,178
Wages and salaries	56,712	-	89,504	-
Travel	23,770	3,215	62,615	32,228
Advertising and licenses	13,606	-	21,062	-
	168,527	15,607	395,051	122,406
Research and development				
Salary and consulting	143,743	58,062	327,351	207,133
SR&ED tax credit	(60,009)	(44,716)	(60,009)	(44,716)
	83,734	13,346	267,342	162,417

14. SUBSEQUENT EVENTS

a. On October 1, 2014, KCO advanced a further $100,000 of the KCO Loan (Note7).

b. On October 30, 2014, the Company concluded the Share Exchange with KCO. On this date, KCO issued a total of 46,150,000 common shares which consisted of 36,000,000 shares to the shareholders of the Company and 10,150,000 shares to the holders of the Debentures (Note 7).

Concurrent with the Share Exchange, KCO completed a brokered private placement of 11,682,600 common shares at a price of $0.25 per common share for total proceeds of $2,920,650. KCO paid a cash commission equal to 8% of the gross proceeds raised and issued compensation warrants entitling the agents to purchase common shares of equal to 8% of the number of securities issued in this private placement. In addition, KCO changed its name to 3TL Technologies Corp. (“3TL”). The Company also cancelled all the outstanding stock options in Note 8.

On November 6, 2014, 3TL issued 5,755,000 stock options with an exercise price of $0.25.