

Mobi724 Global Solutions Inc.

(Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended
September 30, 2015 and 2014

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

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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 condensed interim consolidated 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 unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

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Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at September 30, 2015 and December 31, 2014

(in Canadian dollars)

	September 30, 2015 \$	December 31, 2014 \$
ASSETS		
CURRENT ASSETS		
Cash		289,182
Short-term investments	39,425	39,425
Trade and other receivables (Note 4)	94,545	102,144
Prepaid expenses	12,378	23,641
	<u>146,348</u>	<u>454,392</u>
NON-CURRENT ASSETS		
Advances receivable, without interest	50,000	
Financial derivative asset (Note 10)	1,767,000	1,320,000
Property and equipment	26,567	86,974
Intangible assets (Note 5)	2,738,507	3,161,231
Goodwill (Note 5)	3,139,191	3,139,191
	<u>7,721,265</u>	<u>7,707,396</u>
	<u>7,867,613</u>	<u>8,161,788</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	3,774	
Accounts payable and accrued liabilities (Note 6)	3,173,414	3,021,412
Liability for acquisition of non-controlling interest of Solutions Mobi724 Inc. (Note 10)	1,571,448	2,095,264
Convertible debt (Note 7)	3,546,980	2,724,762
Demand debt, 10% to 18%	184,368	604,142
Current portion of long-term debt	34,428	34,428
	<u>8,514,412</u>	<u>8,480,008</u>
NON-CURRENT LIABILITIES		
Long-term debt	126,386	135,495
Deferred income taxes	79,440	181,380
	<u>8,720,238</u>	<u>8,796,883</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	15,257,238	14,288,362
Other equity accounts (Note 8)	7,551,983	6,807,656
Equity component of convertible debt (Note 8)	2,155,379	2,086,292
Deficit	(25,759,082)	(23,773,937)
Cumulative translation account	(58,143)	(43,468)
	<u>(852,625)</u>	<u>(635,095)</u>
Total equity attributable to shareholders of the Company	<u>(852,625)</u>	<u>(635,095)</u>
Total equity	<u>(852,625)</u>	<u>(635,095)</u>
Total liabilities and shareholder equity	<u>7,867,613</u>	<u>8,161,788</u>

Going Concern (Note 2)

Events after the Reporting Period (Note 14)

On behalf of the Board of Directors

(s) _____

(s) _____

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

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Net Income (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(in Canadian dollars)

	Three-month period		Nine-month period	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenues	110,899	27,842	271,505	65,184
Expenses				
Share-based payments expense (Note 8)	71,792	326,022	217,085	836,937
Salaries and benefits	164,095	591,288	787,637	1,707,960
Contract labor	219,325	156,694	400,863	822,050
Computer software development	15,695	103,652	164,245	423,947
Travel	74,661	81,235	186,946	302,086
Professional fees	276,210	81,530	492,725	773,867
Office expense	108,992	94,987	346,815	328,300
Marketing and promotion	2,110	-	10,541	24,238
Filing fees	6,660	16,001	15,353	64,963
Contract buyout expense (Note 8)	-	-	-	155,625
Loss (gain) on settlement of liabilities (Note 8)	(568,342)	-	(735,217)	69,375
Loss of control of a subsidiary	-	103,665	-	103,665
Write off of deferred costs	-	319,589	-	319,589
Purchases	10,820	348	35,618	13,284
Foreign exchange loss (gain)	6,419	(20,510)	12,057	(20,635)
Depreciation of property and equipment	26,743	21,206	65,390	80,319
Amortization of intangible assets (Note 5)	138,502	145,125	430,005	431,730
Bad debt expense	1,980	-	1,980	3,097
Total operating expenses	555,662	2,020,832	2,432,043	6,440,397
Operating loss	(444,763)	(1,992,990)	(2,160,538)	(6,375,213)
Net financial expenses (income) (Note 9)	(1,239,568)	(1,956,163)	(78,780)	(2,643,594)
Net income (loss) before income taxes	794,805	(36,827)	(2,081,758)	(3,731,619)
Income tax expense	2,470	-	5,327	79
Recovery of deferred tax	(33,980)	(33,980)	(101,940)	(101,940)
Net income (loss)	826,315	(2,847)	(1,985,145)	(3,629,758)
Net income (loss) attributable to:				
Shareholders of the Company	826,315	(5,629)	(1,985,145)	(3,623,294)
Non-controlling interest		2,782		(6,464)
Net income (loss)	826,315	(2,847)	(1,985,145)	(3,629,758)
Earnings (loss) per share (Note 12)				
Basic and diluted	\$0.02	\$(0.00)	\$(0.04)	\$(0.09)
Weighted average number of outstanding common shares (Note 12)				
Basic and diluted	53,982,639	44,147,761	55,458,265	42,499,493

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

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(in Canadian dollars)

	Three-month period		Nine-month period	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net income (loss)	826,315	(2,847)	(1,985,145)	(3,629,758)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	3,993	(23,630)	(14,675)	(22,159)
Comprehensive income (loss)	830,308	(26,477)	(1,999,820)	(3,651,917)
Comprehensive income (loss) attributable to:				
Shareholders of the Company	830,308	(27,933)	(1,999,820)	(3,655,048)
Non-controlling interest		1,456		3,131
Comprehensive income (loss)	830,308	(26,477)	(1,999,820)	(3,651,917)

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

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

For the nine-month periods ended September 30, 2015 and 2014

(in Canadian dollars)

	Share Capital Number	Share Capital \$	Other equity accounts \$	Equity component of convertible debt \$	Deficit \$	Cumulative translation adjustment \$	Total equity \$
Balance December 31, 2014	44,514,438	14,288,362	6,807,656	2,086,292	(23,773,937)	(43,468)	(635,095)
Net loss for the period					(1,985,145)		(1,985,145)
Other comprehensive income						(14,675)	(14,675)
Comprehensive income (loss) for the period					(1,985,145)	(58,143)	(1,999,820)
Issuance of shares through private placement	9,696,968	327,758	472,242				800,000
Loss on modification of convertible debt (Note 7)				133,000			133,000
Issuance of shares from the conversion of convertible debt (Notes 7 and 8)	996,859	613,618		(204,400)			409,218
Share-based payments (Note 8)			217,085				217,085
Settlement of liabilities (Note 8)	250,000	27,500					27,500
Conversion of convertible debt (Note 7)			55,000				55,000
Issuance of convertible debt (Note 7)				140,487			140,487
Balance September 30, 2015	55,458,265	15,257,238	7,551,983	2,155,379	(25,759,082)	(58,143)	(852,625)

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

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

For the nine-month periods ended September 30, 2015 and 2014 (continued)

(in Canadian dollars)

	Share Capital Number	Share Capital \$	Convertible Debenture \$	Other equity accounts \$	Equity component of convertible notes and debentures \$	Deficit \$	Cumulative translation adjustment \$	Total \$	Equity of non- controlling interest \$	Total equity \$
Balance December 31, 2013	27,798,695	9,090,426	-	5,576,714	422,907	(20,252,726)	(16,520)	(5,179,199)	(353,552)	(5,532,751)
Net loss for the period						(3,623,294)		(3,623,294)	(6,464)	(3,629,758)
Other comprehensive (loss) income							(31,754)	(31,754)	9,595	(22,159)
Comprehensive loss for the period						(3,623,294)	(31,754)	(3,655,048)	3,131	(3,651,917)
Issuance of shares from the conversion of convertible notes (Notes 7 and 8)	7,987,033	2,317,841		198,843	(351,507)			2,165,177		2,165,177
Share-based payments (Note 8)				836,937				836,937		836,937
Warrants exercised (Note 18)	7,987,033	2,642,280		(198,843)				2,443,437		2,443,437
Settlement of contract buyout (Note 8)	375,000	225,000						225,000		225,000
Issuance of convertible debentures (Note 7)			1,528,000		372,000			1,900,000		1,900,000
Accretion on convertible debentures (Note 7)			123,142			(123,142)		-		-
Balance September 30, 2014	44,147,761	14,275,547	1,651,142	6,413,651	443,400	(23,999,162)	(48,274)	(1,263,696)	(350,421)	(1,614,117)

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

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

	Three-month period		Nine-month period	
	2015	2014	2015	2014
	\$	\$	\$	\$
Operating activities				
Net income (loss) for the period	826,315	(2,847)	(1,985,145)	(3,629,758)
Adjustments for items not involving cash				
Depreciation of property and equipment	26,743	21,206	65,390	80,319
Amortization of intangible assets	138,502	145,125	430,005	431,730
Share-based payments compensation	71,792	326,022	217,085	836,937
Loss (gain) on settlement of liabilities	(568,342)		(735,217)	69,375
Contract buyout expense (Note 8)	-	-		155,625
Loss of control of a subsidiary	-	103,665		103,665
Write off of deferred financing costs	-	319,589		319,589
Fair value adjustment on liability for acquisition of Mobi	(1,309,540)	(2,001,825)	(523,816)	(2,774,013)
Loss on modification of convertible debt	-	-	133,000	-
Fair value adjustment on financial derivative asset	(227,000)	-	(447,000)	-
Accretion expense on convertible debt (Note 9)	73,746	17,285	276,413	42,352
Interest on convertible debt	140,839	10,843	353,010	31,394
Recovery of deferred taxes	(33,980)	(33,980)	(101,940)	(101,940)
	(860,925)	(1,094,917)	(2,319,215)	(4,434,725)
Change in non-cash working capital items	(29,880)	620,638	599,926	220,192
	(890,805)	(474,279)	(1,718,289)	(4,214,533)
Investing activities				
Advances receivable	(50,000)	-	(50,000)	-
Acquisition of property and equipment	(4,983)	-	(4,983)	(67,426)
Acquisition of intangible assets	-	(83,081)	(7,281)	(515,150)
	(54,983)	(83,081)	(62,264)	(582,576)
Financing activities				
Proceeds from long term debt		21,547	-	31,547
Repayment of long-term debt	8,105	(8,607)	(9,109)	(25,821)
Proceeds from convertible debentures	-	-	372,500	1,900,000
Proceed from issuance of common shares	800,000	-	800,000	-
Proceeds from demand loans	50,000	525,000	400,000	525,000
Repayment of demand debt	-	-	(138,619)	-
Deferred financing fees	-	(45,083)	-	(97,221)
Proceeds from exercise of warrants	-	-	-	2,443,437
	858,105	492,857	1,474,772	4,776,942
Effect of the exchange rate changes on cash	12,852	(24,335)	12,825	(23,501)
Variation in cash during the period	(74,831)	(88,838)	(292,956)	(43,668)
Cash, beginning of the period	71,057	139,938	289,182	94,768
Cash (overdraft), end of the period	(3,774)	51,100	(3,774)	51,100

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

1. Statute of Incorporation and Nature of Activities

Mobi724 Global Solutions Inc. (the “Company” or “Mobi724”) was incorporated under the Business Corporations Act (Alberta) on February 8, 2005. On February 13, 2015, the Company changed its corporate name from Hybrid Paytech World Inc. to Mobi724 Global Solutions Inc. The Company’s registered office and its head office is located at 257 Sherbrooke Street East, Suite 400, Montreal, Quebec H2X 1E3. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries First Equity Strategy LLC (“First Equity”), incorporated in the State of Delaware, Hybrid-PayTech Asia Inc. incorporated in the Philippines (until the loss of control in 2014, see Note 2 e) iii)), Hybrid-PayTech Asia Pacific (HK) Limited, incorporated in Hong Kong, Vault Acquiring Solutions LLC (51% in 2013), incorporated in the state of Delaware, USA, and Mobi724 Asia Inc., incorporated in the Philippines. The Company’s other subsidiaries are a 51% ownership of Solutions Mobi724 Inc., incorporated under the Corporations Act (Canada) including Solutions Mobi724 Inc.’s fully owned subsidiary, Mobi724 Solutions S.R.L., incorporated in Argentina. The Company is a technology leader in digital incentives (such as mobile couponing and loyalty rewards) and payment solutions (including mobile payments). Mobi724 is a provider of both payment and couponing / rewards transactions for both online and offline points of sale.

The common shares of Mobi724 are traded under the symbol “MOS” on the Canadian Securities Exchange (“CSE”).

2. Basis of Preparation and Going Concern

a) Statement of Compliance

These condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required in the full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company’s interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2014.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 26, 2015.

The preparation of financial data is based on accounting principles and methods of computation consistent with those used in the preparation of the audited annual financial statements as at December 31, 2014.

Other new or amended accounting standards had no significant impact on the Company’s accounting methods.

b) Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis in compliance with IFRS. A going concern basis contemplates the realization of the carrying value of assets and the settlement of liabilities in the normal course of business as they come due, which is dependent on future events including amongst other things, attaining a satisfactory revenue level from its Mobile POS technology system and e-couponing solutions, attainment of profitable operations, the generation of cash from operations and the ability to secure new financing arrangements and new capital to carry out its business plan. These matters are dependent on a number of items outside of the Company’s control and there exists material uncertainties that may cast significant doubt about the Company’s ability 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, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company’s ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(All dollar amounts are in Canadian dollars)

2. Basis of Preparation and Going Concern (continued)

The Company has generated limited revenues since inception and has generated losses from operations totaling \$1,985,145 for the nine months ended September 30, 2015, and an accumulated deficit of \$25,759,082 since the Company's inception on February 8, 2005. As at September 30, 2015, the Company's committed cash obligations and expected level of expenses for the next twelve months exceeds its committed sources of funds even after taking into consideration on the conversion of debt into capital and the Financing received subsequent to September 30, 2015.

The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of the carrying amounts of assets or the amount and classification of liabilities that might result if the Company is unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

3. Accounting Standards Issued but not yet Effective

At the date of authorisation of these condensed interim consolidated financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's condensed interim consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company's management have yet to assess the impact of IFRS 9 on these condensed interim consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Company's management have not yet assessed the impact of IFRS 15 on these condensed interim consolidated financial statements.

4. Trade and Other Receivables

	September 30, 2015	December 31, 2014
	\$	\$
Trade receivables	65,090	33,665
Sales tax receivable	28,083	61,655
Other receivables	1,372	6,824
	<u>94,545</u>	<u>102,144</u>

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(All dollar amounts are in Canadian dollars)

5. Intangible Assets

	Licensed Software \$	Software technology \$	EMV Payment Switch \$	Patents \$	Total Intangibles \$	Goodwill \$
Cost						
Balance December 31, 2014	1	2,889,675	1,028,441	80,378	3,998,495	3,139,191
Additions	-	-	7,281	-	7,281	-
Balance, September 30, 2015	1	2,889,675	1,035,722	80,378	4,005,776	3,139,191
Accumulated amortization						
Balance, December 31, 2014	-	829,979	-	7,285	837,264	-
Amortization	-	424,713	-	5,292	430,005	-
Balance, September 30, 2015	-	1,254,692	-	12,577	1,267,269	-
Net Book Value						
September 30, 2015	1	1,634,983	1,035,722	67,801	2,738,507	3,139,191
Cost						
Balance, December 31, 2013	1	2,813,324	543,037	17,302	3,373,664	3,139,191
Additions, internally produced	-	-	485,404	-	485,404	-
Additions, separately acquired	-	85,351	-	81,076	166,427	-
Disposal	-	(9,000)	-	(18,000)	(27,000)	-
Balance, December 31, 2014	1	2,889,675	1,028,441	80,378	3,998,495	3,139,191
Accumulated amortization						
Balance, December 31, 2013	-	259,783	-	-	259,783	-
Amortization	-	570,196	-	7,285	577,481	-
Impairment	-	-	-	-	-	-
Balance, December 31, 2014	-	829,979	-	7,285	837,264	-
Net Book Value						
December 31, 2014	1	2,059,696	1,028,441	73,093	3,161,231	3,139,191

As at September 30, 2015, the EMV payment switch is not yet complete and put into use. The switch is expected to be complete and in use during the last quarter of 2015.

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(All dollar amounts are in Canadian dollars)

6. Accounts Payable and Accrued Liabilities

	September 30, 2015 \$	December 31, 2014 \$
Accounts payable	1,312,066	1,553,702
Accrued liabilities	1,080,186	870,772
Salaries and related benefits	281,987	78,575
Amounts due to related parties (Note 11)	249,175	268,363
Liability for third party garnishment resulting from assumption of judgment against former directors ¹	250,000	250,000
	<u>3,173,414</u>	<u>3,021,412</u>

- (a) In February 2014, the Company assumed a liability in the amount of \$1,000,000 for the settlement of a judgement rendered by the Quebec Superior Court issued on December 4, 2013 against two former directors and founders of the Company and the Company with respect to a garnishment issued against the Company pursuant to a judgement issued against the former directors and founders. A payable of \$1,000,000 was recorded as at December 31, 2013.

An amount of \$250,000 was paid at signing in February 2014, and the balance including interest to be paid no later than June 27, 2014. As at September 30, 2015 and December 31, 2014, an amount of \$250,000 remains payable.

7. Convertible Debt*2013 Convertible Notes*

During the nine-month period ended September 30, 2015 the Company offered the debenture holders of the 2013 Convertible Notes the opportunity to reduce the conversion price of the notes from \$1.25 to \$0.35 and to reduce the strike price of the related warrants from \$1.60 to \$0.50 provided they invest in the 2014 Convertible debenture financing. This modification to the conversion terms of the convertible notes resulted in a \$133,000 loss being recorded in net financial expenses.

During the nine-month period ended September 30, 2015, convertible notes issued in 2013, in the aggregate amount of \$668,618 (capital and accrued interest), were fully converted into 996,859 common shares and 747,645 warrants exercisable at \$0.50 and \$1.60.

During the nine-month period ended September 30, 2015, \$425,000 of demand debt was converted into convertible debt. The Company also issued \$372,500 convertible debt for cash proceeds.

2010 – 2012 Convertible Notes

During the nine-month period ended September 30, 2014, pursuant to the approval of the Autorité des Marchés Financiers, the convertible notes issues between 2010 and 2012 in the aggregate amount of \$2,165,177 in capital and accrued interest were fully converted into 7,987,033 common shares and 7,987,033 warrants exercisable at \$0.30 and \$0.40.

Mobi724 Global Solutions Inc. (Formerly Hybrid Paytech World Inc.)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2015 and 2014

(All dollar amounts are in Canadian dollars)

7. Convertible Debt (continued)

The following tables summarize the components of the convertible notes:

	Liability component \$	Embedded conversion option reserve \$	Embedded warrant reserve \$	Total equity component \$	Total convertible notes \$
Balance December 31, 2014	2,724,762	1,871,789	214,503	2,086,292	4,811,054
Convertible debt issued during the period	657,013	140,487	-	140,487	797,500
Modification to the conversion terms of the 2013 convertible notes	-	133,000	-	133,000	133,000
Interest and accretion interest expense	629,423	-	-	-	629,423
Convertible notes converted during period	(464,218)	(149,400)	(55,000)	(204,400)	(668,618)
Balance September 30, 2015	3,546,980	1,995,876	159,503	2,155,379	5,702,359
Balance December 31, 2014	2,507,959	169,064	253,843	422,907	2,930,866
Accretion and interest expense	73,746	-	-	-	73,746
Convertible notes converted during period	(2,165,177)	(152,664)	(198,843)	(351,507)	(2,516,684)
Balance September 30, 2014	416,528	16,400	55,000	71,400	487,928

8. Shareholders' Equity

a) Movements in the Company's Share Capital

Movements in the Company's share capital are as follows:

	Number of common shares	Amount \$
Balance, December 31, 2014	44,514,438	14,288,362
Issue of shares for cash ¹	9,696,968	327,758
Share issued for conversion of convertible notes (Note 7)	996,859	613,618
Shares issued for settlement of liabilities ²	250,000	27,500
Balance, September 30, 2015	55,458,265	15,257,238
Balance, December 31, 2013	27,798,695	9,090,426
Share issued for conversion of convertible notes (Note 9)	7,987,033	2,317,841
Exercise of warrants ³	7,987,033	2,642,280
Settlement of contract buyout ⁴	375,000	225,000
Balance, September 30, 2014	44,147,761	14,275,547

Share issued as part of a private placement

¹ During the nine month period ended September 30, 2015, a total of 9,696,968 shares were issued at \$0.0825 per share as part of a private placement. The private placement was completed for a total cash consideration of \$800,000. As part of the private placement, investors also received a total of 9,696,968 warrants of the Company exercisable at \$0.0825 exercisable between November 15, 2015 and March 31, 2016. An amount of \$472,242 was allocated to the warrants.

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8. Shareholders' Equity (continued)**a) Movements in the Company's Share Capital (continued)***Shares issued for settlement of liabilities*

- ² During the nine month period ended September 30, 2015, due to the Company's cash position, an agreement was reached to settle outstanding trade payable balances in the amount of \$28,036 to arm's length parties by issuing 250,000 common shares having a value of \$27,500.

Exercise of warrants

- ³ During the nine month period ended September 30, 2014 a total of 7,987,033 warrants were exercised for a cash consideration of \$2,443,437 (exercise price at \$0.30 and \$0.40). An amount of \$198,843 from the exercise of the warrants was reclassified from warrant reserve to share capital.

Settlement of contract buyout

- ⁴ During the nine month period ended September 30, 2014 a total of 375,000 shares, at a price of \$0.415 per share, were issued to an arm's length party to settle a contract buyout with a former employee in the amount of \$155,625. The total fair value of the common shares issued was calculated to be \$225,000 resulting in a loss on settlement of liability of \$69,375.

b) Share Purchase Options

The Company has adopted an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and other key personnel of the Company, options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years. The stock options vest over a period of time approved by the Board of Directors. The price per common share, which is defined by the CSE at the date of grant, and the number of common shares, which is determined by the members of the board, may be allotted to each director, officer, employee or other key personnel of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

The following table summarizes the share option activities under this plan:

	For the nine month period ended September 30, 2015		For the nine month period ended September 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	3,273,393	0.82	5,463,624	0.88
Granted	2,486,000	0.24	1,130,000	0.50
Forfeited	(343,081)	0.89	(1,041,989)	0.98
Expired	(1,201,828)	0.90	(2,278,242)	0.74
Balance, end of period	4,214,484	0.45	3,273,393	0.82
Exercisable options	2,779,484	0.56	2,317,484	0.77

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8. Shareholders' Equity (continued)**b) Share Purchase Option (continued)**

Outstanding options as at September 30, 2015 are as follows:

Range of exercise prices	Weighted average residual life span (in years)	Outstanding options	Weighted average exercise price	Exercisable options	Weighted average exercise price
0.15	3.00	1,150,000	0.15	100,000	0.15
0.25	2.43	420,000	0.25	140,000	0.25
0.35	2.43	916,000	0.35	916,000	0.35
0.50	1.70	830,000	0.50	830,000	0.50
0.96	1.02	705,000	0.96	600,000	0.96
1.00	0.18	158,484	1.00	158,484	1.00
1.10	0.05	35,000	1.10	35,000	1.10
0.15 to 1.10	2.10	4,214,484	0.45	2,779,484	0.56

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price	Share options	
		September, 30, 2015	December 31, 2014
October 17, 2015	1.10	35,000	266,667
December 4, 2015	1.00	158,484	287,726
September 8, 2016	0.15	300,000	
October 30, 2016	0.96	705,000	1,589,000
February 28, 2017	0.50	180,000	180,000
May 14, 2017	0.50	-	200,000
July 10, 2017	0.50	650,000	750,000
December 4, 2017	0.15	300,000	
December 4, 2017	0.25	420,000	
December 4, 2017	0.35	916,000	
September 8, 2018	0.15	550,000	
		4,214,484	3,273,393

There were no options exercised during the nine months period ended September 30, 2015 and 2014.

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8. Shareholders' Equity (continued)**b) Share Purchase Option (continued)**

An amount of \$217,085 has been expensed as share-based payment awards for the nine-month period ended September 30, 2015 (\$836,937 for September 30, 2014), and for the three month period ended September 30, 2014, the Company recorded a share based payment expenses of \$71,792 (\$326,022 for September 30, 2014). The offsetting credit has been recorded as option reserve. The stock based compensation expense was calculated according to the weighted average fair value of options granted based on the Black-Scholes valuation model using the following weighted average assumptions shown below based on the expected number of options expected to vest:

	For the nine-months ended	
	September 30, 2015	September 30, 2014
Number of options	2,486,000	1,130,000
Share price	0.15	0.50
Exercise price (weighted average)	0.24	0.50
Risk-free interest rate	1.05%	1.07%
Expected life	2.8 years	3 years
Expected estimated volatility	105.5%	139.5%
Dividend yield	nil	nil
Fair value of options granted	0.08	0.33

c) Other equity accounts are as follows:

	September 30, 2015	December 31, 2014
	\$	\$
Contributed Surplus	4,999,559	2,339,107
Option reserve	945,954	1,759,010
Warrant reserve	1,606,470	2,709,539
	<u>7,551,983</u>	<u>6,807,656</u>

Contributed Surplus

	\$
Balance, December 31, 2014	2,339,107
Warrant expired/cancelled during the period	1,630,311
Stock options expired	1,030,141
Balance, September 30, 2015	<u>4,999,559</u>

Balance December 31, 2013	48,534
Warrant expired/cancelled during the period	634,372
Stock options expired	1,284,919
Balance September 30, 2014	<u>1,967,825</u>

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8. Shareholders' Equity (continued)**c) Other Equity Accounts (continued)**

<i>Option Reserve</i>	\$
Balance, December 31, 2014	1,759,010
Stock based payments expense	217,085
Stock options expired	(1,030,141)
Balance, September 30, 2015	945,954
Balance, December 31, 2013	2,561,274
Stock based payments expense	836,937
Stock options expired	(1,284,919)
Balance, September 30, 2014	2,113,292

<i>Warrants Reserve</i>	Number of warrants	Amount	Weighted Average Exercise Price
Warrants issued and outstanding			
Balance, December 31, 2014	10,793,145	2,709,539	1.17
Expired/cancelled during the period	(6,311,704)	(1,630,311)	1.22
Issued during the period	10,444,613	527,242	0.12
Balance, September 30, 2015	14,926,054	1,606,470	0.45
Balance, December 31, 2013	13,919,950	2,966,906	1.13
Expired/cancelled during the period	(2,076,803)	(634,372)	(0.75)
Issued during the period	7,987,033	198,843	0.31
Exercised during the period	(7,987,033)	(198,843)	(0.31)
Balance, September 30, 2014	11,843,145	2,332,534	1.20

In the nine-month period ended September 30, 2015, 747,645 warrants were issued in connection with the conversion of the convertible debt and were recorded in warrant reserve at the value attributed to them at the time of the issue of the convertible debt. An additional 9,696,968 warrants were issued in connection with the issue of common shares (Note 8 (a)).

These warrants were still outstanding as at September 30, 2015.

In the nine-month period ended September 30, 2014, 7,987,033 warrants were issued in connection with the conversion of the convertible debt and were recorded in warrant reserve at the value attributed to them at the time of the issue of the convertible debt.

These warrants were all exercised during the period ended September 30, 2014. An amount of \$198,843 was transferred from warrant reserve to common stock.

During the nine-month period ended September 30, 2014, the Company extended 11,601,729 warrants by an additional 12 months

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9. Net Financial Expenses (Income)

Net financial expenses (income) comprises of the following:

	For the three months ended		For the nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Interest and banking fees	3,317	2,095	7,387	10,997
Interest expense on long term debt	78,453	15,439	121,609	45,676
Interest expense on convertible debt	141,456	10,843	353,627	31,394
Accretion expense on convertible debt	73,746	17,285	276,413	42,352
Fair value adjustment on liability for acquisition of Mobi (Note 10)	(1,309,540)		(523,816)	
Fair value adjustment on financial derivative asset	(227,000)	(2,001,825)	(447,000)	(2,774,013)
Loss on modification of convertible notes (Note 7)			133,000	
Total finance expense (income)	(1,239,568)	(1,956,163)	(78,780)	(2,643,594)

10. Financial Instruments
a) Measurement Categories

The following table shows the carrying values of assets and liabilities for each of these categories as at September 30, 2015 and December 31, 2014.

	September 30, 2015	December 31, 2014
	\$	\$
Assets		
<i>Loans and receivables</i>		
Cash	-	289,182
Short-term investments	39,425	39,425
Trade and other receivables (excluding sales taxes receivable)	94,545	40,489
Advances receivable	50,000	
Total loans and receivables	183,970	369,096
<i>Fair value</i>		
Financial derivative asset	1,767,000	1,320,000
Liabilities		
<i>Amortized cost</i>		
Bank overdraft	3,774	-
Accounts payable and accrued liabilities (excluding salaries and related benefits)	3,173,414	2,942,837
Convertible debt	3,546,980	2,724,762
Demand debt	184,368	604,142
Long term debt	160,814	169,923
Total amortized cost	7,069,350	6,441,664
<i>Fair Value</i>		
Liability for the acquisition of non-controlling	1,571,448	2,095,264

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interest of Mobi

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10. Financial Instruments (continued)**b) Fair Value**

The net carrying amount of the cash, short-term investments, trade and other receivables (excluding non-financial assets) and accounts payable and accrued liabilities (excluding non-financial liabilities) is considered a reasonable approximation of fair value since all amounts are short-term in nature.

The fair values of the convertible debt and demand debt are approximately equal to their carrying value due to their short-term maturity dates. The fair value of the long-term debt is not significantly different than its carrying amount.

The reconciliation of the liability for the acquisition of non-controlling interest of Mobi is as follows:

	September 30, 2015 \$	September 30, 2014 \$
Opening balance, January 1	2,095,264	6,110,388
Fair value adjustment on liability	(523,816)	(772,188)
Ending balance, September 30	1,571,448	5,338,200

11. Related Party Transactions

The following table summarized the transaction and balances outstanding with related parties of the Company:

	For the three-month periods ended September 30, 2015 2014 \$ \$		For the nine-month periods ended September 30, 2015 2014 \$ \$	
Transactions:				
Rent paid to a company controlled by a significant shareholder	25,500	-	76,500	-
Balances outstanding:			September 30, 2015	December 31, 2014
Amounts due to officers and directors			-	1,577
Amounts due from officers and directors			12,360	-
Convertible debt due to directors			-	400,000
Amounts due to persons that are significant shareholders and founders of the Company			261,535	266,786
Demand debt due to directors			30,000	30,000

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11. Related Party Transactions (continued)*Compensation of Key Management Personnel*

The remuneration of directors and other members of key management personnel during the year were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries and related benefits and contract labor	43,750	88,462	72,917	302,501
Share-based payments compensation	-	22,903	-	252,510
	43,750	111,365	72,917	555,011

12. Earning Per Share**a) Basic**

Basic earnings (loss) per common share are calculated by dividing the net loss attributable to the owners of the Company by the weighted average number of outstanding common shares during the period.

	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net income (loss) for the period	826,315	(5,629)	(1,985,145)	(3,623,294)
Basic weighted average number of common shares outstanding	53,982,639	44,147,761	55,458,265	42,499,493

b) Diluted

For the three and nine-month periods ended September 30, 2015 and 2014, the diluted net loss per share was calculated based on the net loss attributable to owners of the parent using the basic weighted average number of shares outstanding, since the convertible notes and debentures, all the outstanding warrants and stock options and the potential share issuance for the business acquisition have been excluded from the calculation of diluted net loss per share because they were anti-dilutive. Accordingly, diluted net loss per share for each period was the same as the basic net loss per share.

For the three-month period ended June 30, 2015, the diluted net earnings per share was calculated based on the net earnings attributable to owners of the parent using the basic weighted average number of shares outstanding, since the convertible debt, all the outstanding warrants and stock options and the potential share issuance for the business acquisition have been excluded from the calculation of diluted net earnings per share because they were anti-dilutive. Accordingly, diluted net earnings per share was the same as the basic net loss per share

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13. Segmented Reporting

The Company operates and reports its results as two operating segments (one in 2014), which is the development of new Internet technologies to facilitate point of sale payments and e-couponing. Each of the operating segments is a reportable segment for financial reporting purposes. The Company also operates in different geographies. The Company's sales and non-current assets by geographic locations and by reportable segment are as follows:

	September 30, 2015			
	Payment Solution	E-couponing	Unallocated	Consolidated
Revenues from external customers	81,213	190,292		271,505
Total operating expenses	1,330,538	872,660	228,845	2,432,043
Operating loss	1,249,325	682,368	228,845	2,160,538
Net financial expenses (income)	119,796	9,817	(208,393)	(78,780)
Net loss before income taxes	1,369,121	692,185	20,452	2,081,758
Income tax expense (recovery)			(96,613)	
Net loss	1,369,121	692,185	(76,161)	1,985,145

14. Events after the Reporting Period

In October 2015, the Company's \$1,900,000 debenture was converted into 2,190,507 common shares and 1,642,880 purchase warrants. In addition, the Company converted various debts totaling \$931,209 into 5,575,029 common shares of the Company.

In October 2015, the Company completed the acquisition of the remaining 49% of Mobi.

In November 2015, the Company issued convertible debt of \$260,704.