DEALNET CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 and 2013

(EXPRESSED IN CANADIAN DOLLARS)

CONTENTS

Management's Report	**1**
Independent Auditor's Report	**2 - 3**
Consolidated Statements of Financial Position	**4**
Consolidated Statements of Profit or Loss and Other Comprehensive Income	**5**
Consolidated Statements of Shareholders' Equity (Deficiency)	**6**
Consolidated Statements of Cash Flows	**7**
Notes to Consolidated Financial Statements	**8 - 48**

Management's Report on the Consolidated Financial Statements

The accompanying consolidated financial statements of DealNet Capital Corp. have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains a system of internal controls adequate to provide reasonable assurance that transactions are authorized, assets are safeguarded and record are adequately maintained.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised of two independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. Schwartz, Levitsky, Feldman LLP, Licensed Public Accountants, have audited these consolidated financial statements and their report follows.

"Michael Hilmer"
Michael Hilmer
Director and Interim President and CEO

"Henry J. Kloepper"
Henry J. Kloepper
Director, Chair of Audit Committee

Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
DealNet Capital Corp.

We have audited the accompanying consolidated financial statements of DealNet Capital Corp., which comprise the consolidated statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013, and the consolidated statements of profit or loss and other comprehensive income, shareholders' equity (deficiency) and cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

2300 Yonge Street, Suite 1500, Box 2434
Toronto, Ontario M4P 1E4
Tel: 416 785 5353
Fax: 416 785 5663

SLF

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

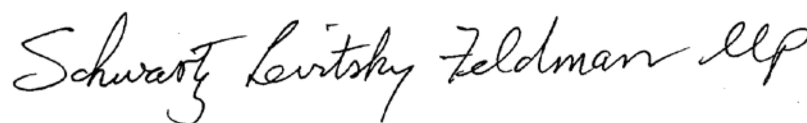
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of DealNet Capital Corp. as at December 31, 2014 and December 31, 2013 and January 1, 2013 and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company's has a working capital deficiency of $4,984,000 and an accumulated deficit of $56,853,000 as at December 31, 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

Comparative Information

Without modifying our opinion, we draw attention to Note 4 to the consolidated financial statements, which indicates that the comparative information presented as at and for the year ended December 31, 2013 and as at January 1, 2013, have been restated.



Toronto, Ontario
May 22, 2015

Chartered Accountants
Licensed Public Accountants

DEALNET CAPITAL CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2014 $	December 31, 2013 $	January 1, 2013 $
ASSETS		Restated Note 4	Restated Note 4
Current assets			
Cash and cash equivalents	**616,000**	73,000	109,000
Funds held in trust	**-**	-	207,000
Trade receivables (Note 5)	**2,097,000**	698,000	356,000
Prepaid expenses and sundry assets (Note 6)	**342,000**	257,000	144,000
Security deposits	**116,000**	114,000	-
Due from related parties (Note 7)	**-**	17,000	1,000
Total current assets	**3,171,000**	1,159,000	817,000
Property and equipment (Note 8)	**629,000**	416,000	484,000
Intangibles (Notes 9 and 10)	**608,000**	1,053,000	849,000
Goodwill (Notes 9 and 10)	**1,863,000**	1,342,000	1,342,000
Total assets	**6,271,000**	3,970,000	3,492,000
LIABILITIES			
Current liabilities			
Bank indebtedness	**-**	-	90,000
Accounts payable and accrued liabilities (Note 11)	**2,982,000**	1,613,000	1,731,000
Accounts payable to related parties (Note 7)	**561,000**	301,000	343,000
Deferred revenue	**357,000**	178,000	18,000
Income taxes payable	**14,000**	-	-
Factoring advances (Note 5)	**813,000**	471,000	272,000
Current portion of finance lease obligations (Note 15)	**115,000**	-	-
Deferred tax liability	**-**	-	6,000
Interest and fees payable on debentures and notes	**287,000**	64,000	-
Current portion of debentures and notes (Note 13)	**3,026,000**	654,000	565,000
Total current liabilities	**8,155,000**	3,281,000	3,025,000
Finance lease obligations (Note 15)	**67,000**	-	-
Secured revolving loan (Note 14)	**127,000**	-	-
Long-term payables (Note 11)	**-**	83,000	-
Debentures and notes (Note 13)	**-**	2,400,000	279,000
Total liabilities	**8,349,000**	5,764,000	3,304,000
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital (Note 25)	**51,406,000**	48,041,000	47,994,000
Shares to be issued (Note 25)	**14,000**	45,000	-
Contributed surplus (Note 25)	**3,370,000**	2,421,000	2,005,000
Other comprehensive income (loss)	**(15,000)**	(23,000)	12,000
Deficit	**(56,853,000)**	(52,278,000)	(49,823,000)
Total shareholders' equity (deficiency)	**(2,078,000)**	(1,794,000)	188,000
Total liabilities and shareholders' equity (deficiency)	**6,271,000**	3,970,000	3,492,000

APPROVED ON BEHALF OF THE BOARD

"PIERRE G. GAGNON" (Director) **"HENRY J. KLOEPPER"** (Director)

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

DEALNET CAPITAL CORP.
Consolidated Statements of Profit or Loss and Other Comprehensive Income
(Expressed in Canadian Dollars)

For the year ended December 31	2014 $	2013 $ Restated Note 4
Revenue (Note 17)	**9,890,000**	4,649,000
Cost of sales (Note 18)	**5,380,000**	2,941,000
Gross profit	**4,510,000**	1,708,000
Selling and administrative expenses (Note 19)	**5,889,000**	3,396,000
Depreciation and amortization (Note 8 and 10)	**347,000**	461,000
Interest expense (Note 20)	**574,000**	249,000
Accretion of interest expense and transaction costs (Note 20)	**245,000**	38,000
Foreign exchange	**110,000**	(13,000)
Factoring discount (Note 5)	**242,000**	137,000
Impairment of intangible assets and goodwill (Note 10)	**836,000**	19,000
Gain on debt settlement (Note 16)	**(6,000)**	(124,000)
Conversion of debentures (Note 13)	**848,000**	-
	9,085,000	4,163,000
Net loss	**(4,575,000)**	**(2,455,000)**
Other comprehensive (loss) income:		
Foreign currency translation	**8,000**	(35,000)
Total comprehensive loss	**(4,567,000)**	(2,490,000)
Loss per common share basic and diluted (Note 3)	**(0.07)**	(0.04)
Weighted average number of shares outstanding	**61,501,088**	58,119,745

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

DEALNET CAPITAL CORP.

Consolidated Statements of Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Shares to be Issued	Other Comprehensive Income (Loss)	Deficit	Total
	Number	Value					
		$	$	$	$	$	$
Balance as at December 31, 2012 (Restated- Note 4)	**57,976,817**	**47,994,000**	**2,005,000**	**-**	**12,000**	**(49,823,000)**	**188,000**
Exercise of warrants (Note 25)	160,000	16,000	-	-	-	-	16,000
Value of warrants exercised (Note 25)	-	6,000	(6,000)	-	-	-	-
Embedded conversion option of debenture	-	-	94,000	-	-	-	94,000
Shares issued to settle debts (Note 25)	138,966	25,000	-	45,000	-	-	70,000
Share based compensation (Note 25)	-	-	328,000	-	-	-	328,000
Foreign currency translation	-	-	-	-	(35,000)	-	(35,000)
Net loss for the year	-	-	-	-	-	(2,455,000)	(2,455,000)
Balance December 31, 2013 (Restated- Note 4)	**58,275,783**	**48,041,000**	**2,421,000**	**45,000**	**(23,000)**	**(52,278,000)**	**(1,794,000)**
Embedded value of warrants (Note 25)	-	-	843,000	-	-	-	843,000
Shares issued for acquisition (Note 9)	5,500,000	1,073,000	-	-	-	-	1,073,000
Conversion of debentures (Note 13)	10,200,000	2,130,000	(90,000)	-	-	-	2,040,000
Shares issued to settle debts (Note 25)	300,000	45,000	-	(31,000)	-	-	14,000
Incentive on conversion of debentures (Note 13)	586,500	117,000	-	-	-	-	117,000
Stock based compensation (Note 25)	-	-	196,000	-	-	-	196,000
Foreign currency translation	-	-	-	-	8,000	-	8,000
Net loss for the year	-	-	-	-	-	(4,575,000)	(4,575,000)
Balance December 31, 2014	**74,862,283**	**51,406,000**	**3,370,000**	**14,000**	**(15,000)**	**(56,853,000)**	**(2,078,000)**

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

DEALNET CAPITAL CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended December 31	2014 $	2013 $ Restated- See Note 4
Cash Flows from Operating Activities		
Net loss	(4,575,000)	(2,455,000)
Adjustments for:		
Depreciation and amortization	404,000	461,000
Impairment of intangibles	836,000	19,000
Gain on debt settlements	(6,000)	(124,000)
Stock based compensation	196,000	328,000
Consulting fees paid in shares	-	25,000
Accretion of interest expense and transaction costs	245,000	38,000
Conversion of debenture	804,000	-
Changes in non-cash operating assets and liabilities		
Receivables	(336,000)	(342,000)
Interest payable	223,000	86,000
Security deposit	30,000	(51,000)
Prepaid expenses and sundry assets	(86,000)	(176,000)
Deferred revenue	(60,000)	160,000
Due from related parties	17,000	1,000
Income tax receivable	979,000	-
Due to related parties	260,000	-
Accounts payable and accrued liabilities	50,000	211,000
Cash used in operating activities	(1,019,000)	(1,819,000)
Cash Flows from Investing Activities:		
Acquisition of subsidiary	(500,000)	-
Additions to property and equipment	(247,000)	(295,000)
Additions to intangibles	(56,000)	(238,000)
Cash used in investing activities	(803,000)	(533,000)
Cash Flows from Financing Activities:		
Bank indebtedness	(104,000)	(90,000)
Proceeds from trust account	-	207,000
Factoring advances	342,000	199,000
Proceeds from notes payable	215,000	-
Finance lease obligations	(54,000)	-
Repayment of notes payable	(90,000)	
Secured revolving loan advances	250,000	
Proceeds from issuance of debentures	1,797,000	2,040,000
Proceeds from issuance of common stock	-	16,000
Cash provided by financing activities	2,356,000	2,372,000
Effect of foreign exchange translation	9,000	(56,000)
Increase (Decrease) in cash during the period	543,000	(36,000)
Cash and cash equivalents– beginning of period	73,000	109,000
Cash and cash equivalents– end of period	616,000	73,000
Supplemental cash flow information		
Interest paid	332,000	75,000
Income taxes paid	-	-

Supplemental information provided in Note 28.

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

1. Organization, Nature of Business and Going Concern

DealNet Capital Corp. (the "Company" or "DealNet") (formerly Gamecorp Ltd.) was originally incorporated as Alexa Ventures Inc. on September 8, 1986 under the laws of the Province of British Columbia. Currently, the Company operates under the laws of the Province of Ontario. On May 28, 2008, the Company changed its name from Eiger Technology, Inc. to Gamecorp Ltd. On September 4, 2012, the Company changed its name from Gamecorp Ltd. to DealNet Capital Corp. The Company is listed as an issuer on the Canadian Securities Exchange ("CSE"). The address of the Company's registered office is 325 Milner Avenue, Suite 300, Toronto, Ontario, M1B 5N1, Canada.

The Company focuses on two key vertical markets, Engagement and Consumer Finance. Through acquisitions, the Company has become a leader in the engagement space helping their corporate customers 'speak' to their consumers the way they want to be spoken to using live Voice, Chat, Text, Email and Proximity based engagement solutions. The Engagement vertical consists of Live Engagement Business Process Outsourcing ("BPO") through the provision of call centre and support services as well as Mobile Engagement. The Company has leveraged its BPO business to offer home improvement financing solutions to consumers, which offer attractive yields and low default rates. The Consumer Finance division owns a portfolio of HVAC equipment which are rented to customers in Ontario.

On July 1, 2014, the Company acquired Impact Mobile Inc. ("Impact Mobile"), a technology and customer engagement services company that provides end-to-end mobile marketing solutions and carrier-grade messaging infrastructure to allow its clients to reach their mobile customers.

Subsidiaries:

As at December 31, 2014, the Company owns the following interests in various subsidiaries as follows:

Name of Corporation	% Ownership
Impact Mobile Inc.	100%
Impact Mobile USA Inc.	100%
OC Communications Group Inc.*	100%
One Contact Canada Inc.	100%
One Contact Inc.	100%
One Dealer Inc.*	100%
One Dealer Home Services Inc.*	100%
One Dealer Financial Services Inc.	100%
Alexa Properties Inc.*	100%
ETIFF Holdings (BC) Ltd.*	100%
Club Connects Corp.*	100%
Grandvue Inc.*	100%
EigerNet Inc.*	58.4%
Applied Lighting Technologies Inc.*	75%
Energy Products International Ltd.*	75%
International Balast Corp.*	75%
Call Zone Canada Inc.*	100%
990422 Ontario Ltd.*	100%

** Inactive or holding company only*

These consolidated financial statements of the Company have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There is doubt about the Company's ability to continue as a going concern as the Company has a working capital deficiency of $4,984,000 as at December 31, 2014 (December 31, 2013- $2,122,000) and an accumulated deficit of $56,853,000 as at December 31, 2014 (December 31, 2013 – $52,278,000). The Company's ability to continue as a going concern is dependent upon the Company's ability to raise additional capital through equity or debt private placements and achieve profitable operations and raises a material concern. Should the Company be unable to continue as a going concern, there is significant doubt the carrying value of the Company's assets can meet its liabilities as they become due.

The Company believes that future private placements and increased revenues will provide sufficient cash flow for it to continue as a going concern in its present form, however, there can be no assurances that the Company will achieve such results. Accordingly, the consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations as issued by the International Accounting Standards Board as at May 22, 2015.

These consolidated financial statements were authorized for issue by the Board of Directors on May 22, 2015.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these annual audited consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's foreign subsidiary, One Contact Inc. ("OCI US"), and Impact Mobile USA Inc., is US dollars, all other subsidiaries have a functional currency of Canadian dollars. All information presented in Canadian dollars otherwise noted.

d) Use of Estimates and Assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that could affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and in any future periods affected.

The key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, expenses and/or revenues within the next financial year, are discussed below.

Fair value of assets and liabilities acquired in business acquisitions

The amount of goodwill initially recognized as a result of a business acquisitions and the determination of fair value of the identified assets acquired and the liabilities assumed includes the use of management's estimates with respect to assumptions about fair value. The allocation of the purchase of Impact Mobile is only a provisional allocation of the assets acquired and liabilities assumed until an independent business valuation of this acquisition is completed, which management anticipates to be completed by the second quarter of 2015. This could result in the adjustment of goodwill, intangibles or other assets acquired or liabilities assumed once finalized.

Fair value of share-based compensation and warrants

Assumptions are used in the underlying calculation of fair value of the Company's stock options and warrants. Fair value is determined using the Black-Scholes option pricing model, which is based on significant assumptions, such as volatility, dividend yield, expected forfeitures and expected term.

Useful lives of property, equipment and intangible assets

The useful lives of property, equipment and intangible assets have been determined by management to reflect their usage and economic life. Management's judgement is also required to determine the depreciation methods and an asset's residual value.

Determination of cash generating units

Assets are grouped into Cash Generating Units ("CGU") that have been identified as being the smallest identifiable group of assets that generate cash inflows that are independent of cash inflows of other assets or group of assets. The determination of these CGUs was based on Management's judgement with regards to determining the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the cash inflows could not be determined for an individual asset, Management identified the lowest aggregation of assets that generate largely independent cash inflows.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The recoverable amount is the greater of value in use or fair value less disposal costs. The calculation of value in use requires the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

Impairment of property, equipment and intangible assets

Property, equipment and intangible assets are reviewed for impairment indicators which are events or changes in circumstances indicating that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is determined as the higher of the fair value less disposal cost of the property, equipment and/or intangible

asset (or CGU) or the value-in-use calculations. Management's judgement is required in determining when these indicators are present and in estimating the recoverable amount.

Valuation of compound financial instruments and derivatives

Convertible debenture conversion options require an estimation of the fair value of a similar liability that doesn't have an associated equity component by using a suitable discount rate at initial recognition. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of instrument.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Corporation's ability to continue as a going concern (see Note 1 above).

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these annual consolidated financial statements are described below.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as listed in Note 1.

The Company consolidates the results of its subsidiaries over which it exercises control. Specifically, the Company controls a subsidiary if the Company has power over the subsidiary (i.e. existing rights that give it the current ability to directly relevant activities of the subsidiary), exposure, or rights, to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect its returns.

When the Company has less than a majority of the voting or similar rights of a subsidiary, the Company considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including, the contractual arrangement with the other vote holders of a subsidiary, rights arising from other contractual arrangements and the Company's voting rights and potential voting rights.

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. The financial statements of the subsidiaries are consolidated from the period that control commences until the time that it ceases.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with a maturity of less than three months at purchase to be cash equivalents. Cash equivalents at December 31, 2014 and December 31, 2013 consisted of a $20,000 GIC.

Reportable Segments

The Company currently operates in three business segments. The three business segments are the Live Engagement BPO services segment, Mobile Engagement services segment and the Consumer Finance segment. The Live Engagement BPO services segment and Mobile Engagement services segment operate in both the United States and Canada. Segment accounting policies are the same as those used in the Company's consolidated financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

a. Live Engagement BPO services: The Company earns revenues from BPO services including providing outsourced services, such as call centres, loyalty program administration, utility customer care, telecom and technical support services, to a broad based clientele in both Canada and the United States, mainly from agent-related services. Revenue is typically recognized in the period in which calls are received and services are performed based on staffing hours or the number of contacts/calls handled by service agents using contractual rates. The remaining revenues are derived from the provision of professional services often related to the set up and establishment of the contracted services, including training, IT and other project management. Revenues from the provision of such services are typically recognized in each period on a straight-line basis over the life of contracts. Deferred revenues result from this method when payments are made in advance of the recognition of revenue.

b. Mobile Engagement services: The Company uses its connectivity to mobile carriers to earn revenue from mobile messaging over short codes. Mobile content, in the form of SMS and MMS messages, is transmitted by the Company, for its customers, to and from the mobile carriers. Revenue from messaging is recorded when the message was sent. The Company also charges fixed monthly hosting fees for short code connectivity and for other services, some which have been custom-developed for individual clients and is recorded pro-rata on time. Hosting fees are recognized in the month for which the service was provided, pro-rata based on time. Additionally, the Company earns revenue by running mobile marketing programs for its customers using its proprietary JumpTXT® software application. Many marketing programs are less than a month in duration and the associated revenue is recognized in the month in which the Company delivers the associated messages. Revenues generated from licensing of the Company's JumpTXT® software and associated support services, and from services supported over an extended period; this revenue is recognized on a monthly basis pro-rata on time over the period for which the service or license has been contracted.

c. Consumer financing: The Company earns revenues through the rental of HVAC equipment to consumers, typically over a 10 year rental period. Following the installation of equipment and acceptance by the customer of the product, revenue is recognized through equal installments over the term of the rental period when collectability is reasonable assured.

Billings or payments received from customers in advance of services provided are recorded in deferred revenue as a liability on the consolidated statement of financial position.

Intangible Assets

Intangible assets arising on acquisition

On acquisition, intangible assets, other than goodwill, are initially recorded at their fair value. An intangible asset will be recognized if they can be identified through being separable from the acquired entity or arising from specific contractual or legal rights. Following initial recognition, intangible assets with a finite life are amortized on a straight line basis over their useful life. Useful lives are assessed at year end.

Internally generated intangible assets-research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development of computer software is recognized if, as an asset, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less amortization and accumulated impairment losses.

Computer software

Acquired computer software licenses covering a period of greater than one year are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

The following useful lives are used in the calculation of amortization:

Customer relationships	1-2 years
Capitalised development of computer software	5 years
Computer software	5 years
Supplier licenses	5 years

Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities. Financial instruments that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Transaction costs on financial instruments classified as FVTPL are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are included in the carrying amounts of the financial instruments and amortized over the life of the instrument by the effective interest rate method.

Impairment of Financial Assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been adversely impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree.

The Company measures all the assets, liabilities, and contingent liabilities it acquires in business combinations at fair value and recognizes acquisition-related costs of business combinations as expenses. The excess of the cost of a business acquisition over the fair value of the net assets acquired is recorded as goodwill. If the cost of a business acquisition is less than the fair value of the net assets acquired, the bargain purchase difference is recognized directly in the consolidated statement of profit or loss as a gain on acquisition.

Goodwill

Goodwill is recognized as a result of a business combination and is measured as the residual value between the total purchase consideration and the total of the fair values of the acquired assets, including recognized intangible assets, and liabilities assumed.

Goodwill is tested for impairment at least annually or whenever there is an indication that the related carrying amount may be impaired. For the purposes of impairment testing, goodwill is allocated to the CGU or groups of CGUs benefiting from goodwill. The test involves a comparison of the carrying value of the goodwill or CGU with its estimated recoverable amount. The recoverable amount is defined as the higher of the fair value less disposal costs and the value in use ("VIU"). The value in use is based on the discounted future cash flows from the CGU or asset. When the recoverable amount is lower than the carrying value, the carrying value is reduced to the recoverable amount with a charge to consolidated statement of profit or loss.

Debt Extinguishments

Equity instruments and convertible debt issued to a creditor to extinguish a financial liability are measured at the fair value of the equity instruments or convertible debt at the date the financial liability is extinguished, unless its fair value cannot be measured reliably, in which case it is measured at the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the consideration paid is recognized in the consolidated statement of profit or loss and other substantial debt modifications giving rise to differences between the original debt and the new or modified debt are recognized in the consolidated statement of profit or loss.

Property and Equipment

Property and Equipment is recorded at cost less accumulated depreciation and any impairment. The cost of equipment comprises of its purchase price and any directly attributable costs. When equipment includes significant components with different useful lives, they are recorded and depreciated separately.

Depreciation is provided so as to write off the cost of each item of equipment during its expected useful life using straight-line method as follows:

Computer hardware	5 years
Office equipment	3 and 5 years
Leasehold improvements	5 years or the life of the leasehold, whichever is lower
HVAC equipment	15 years

Subsequent costs incurred relating to a specific assets are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Non-Current Asset Impairment

At the end of each reporting period, the Company assesses its non-current assets for any indication of impairment. If any such indication exists, then the Company will perform an impairment test. The impairment test is to compare the asset's (or CGU's) carrying amount and its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less disposal costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets (CGUs) that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are first allocated to goodwill, then are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. Impairment losses recognized in respect of goodwill are never reversed.

Other Comprehensive Income (Loss)

Total comprehensive income (loss) is comprised of the Company's profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes foreign currency translation adjustments on the translation of foreign subsidiaries from their functional currencies to the Company's presentation currency. The components of comprehensive income are disclosed in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

When the Company translates the consolidated financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Share capital, warrants, equity reserves, and deficit are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the average exchange rate for the period. Foreign exchange gains and losses on translation are included in other comprehensive income (loss).

Foreign Currency Translation

All figures reported in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in Canadian ("CAD") dollars, which is the functional and presentation currency of the Company. The functional currency of the Company's foreign subsidiary, OCI US and Impact Mobile USA Inc. is US Dollars ("USD"), the functional currency of the Company's other subsidiaries is CAD. The functional currencies of the entities in the Company have remained unchanged during the reporting period. Transactions in foreign currencies are translated to CAD dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to CAD dollars at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to CAD dollars at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Government assistance

The Company makes periodic applications for financial assistance under available government incentive programs including investment tax credits. The government assistance is recognized when there is reasonable assurance that it will be realized. Government assistance relating to research and development costs is reflected as a reduction from the qualifying expenditures to which they relate.

Income Taxes

Income tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-Based Compensation

The Company has a stock option plan that is described in Note 25(a). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is applied to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Each tranche of the stock options with graded vesting period is considered a separate grant at each vesting date for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in consolidated statement of profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the contributed surplus.

Loss Per Share

Basic income (loss) per share is calculated using the total comprehensive loss divided by the weighted number of shares outstanding. Diluted income (loss) per share is calculated using the total comprehensive loss divided by the weighted average number of common and potential common shares outstanding during the period if it is dilutive. In order to determine diluted income (loss) per share, it is assumed that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease income (loss) per share. The effect on the diluted loss per share on the exercise of the warrants and stock options would be anti-dilutive and therefore loss per share and diluted loss per share are equal.

Adoption of Amended and New Accounting Standards and Interpretations

The Corporation adopted the following accounting standard changes effective January 1, 2014:

IAS 32, "Financial Instruments: Presentation" ("IAS 32")
The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and were applied retrospectively. The adoption of the amendments did not have a significant impact on the Company's consolidated financial statements as no offsetting was used.

IAS 36, "Impairment of Assets" ("IAS 36")
On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and were applied prospectively. The adoption of the amendments did not have a significant impact on the Company's consolidated financial statements.

IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39")
In June 2013, the IASB amended IAS 39-Financial Instruments: Recognition and Measurement, providing guidance on novation of over-the counter derivatives and continued designation for hedge accounting. This amendment did not have an impact on the Company's consolidated financial statements.

Accounting Standards Issued But Not Yet Effective

IFRS 9, Financial Instruments ("IFRS 9")
In July 2014, the IASB issued the final version of IFRS 9. IFRS 9 will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single expected loss impairment method to be used, replacing the incurred loss impairment methods in IAS 39. The new standard also introduced a new hedge accounting model in November 2013, and expands the scope of eligible hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 also introduces own credit risk charges to OCI for fair valued liabilities. IFRS 9 is to be effective for fiscal years beginning on or after January 1, 2018. Management is currently evaluating the potential impact that the adoption of IFRS 9 will have on the Company's consolidated financial statements

IAS 16, Property, Plant and Equipment ("IAS 16") and IAS 38, Intangible Assets ("IAS 38")
In May 2014, the IASB amended IAS 16 and IAS 38 to clarify that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset. These amendments must be applied prospectively for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on the Company's consolidated financial statements.

IFRS 11, Joint Arrangements ("IFRS 11")
In May 2014, the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 - Business Combinations. The amended standard requires the acquirer to apply all of the principles on accounting for business combinations in IFRS 3 and

other IFRSs except for any principles that conflict with IFRS 11. These amendments must be applied prospectively for those acquisitions occurring in annual periods beginning on or after January 1, 2016. The amendments to IFRS 11 are not expected to have a significant impact on the Company's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")
In May 2014, the IASB issued IFRS 15 to establish principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 - Leases or other IFRSs. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets such as property, plant and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2017 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. A new adoption date is proposed by the IASB of January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on the Corporation's consolidated financial statements.

4. Prior Period Errors

During the year ended December 31, 2014, the Company corrected the accounting for prior period errors as noted below. As a result, certain amounts from 2013 have been restated to reflect these changes. The previously issued audited consolidated financial statements for the year ended December 31, 2013, as well as the unaudited interim consolidated financial statements for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 (the "Affected Statements") have not been restated due to the net immaterial nature of these transactions. The Company has restated the most recent financial statements to reflect the restatements which includes the comparatives included in these financial statements and the opening statement of financial position at January 1, 2013. Readers of the Affected Statements are cautioned that they should be read in conjunction with these audited consolidated financial statements. The Company will give effect to these adjustments relating to the 2014 interim reporting periods in the comparative figures in its 2015 interim filings.

Each of the changes is described in greater detail below.

a) Debt Settlements

During the year ended December 31, 2013, the Company entered into a debt settlement agreement with an unsecured creditor for the settlement of USD $310,321. Under the terms of the agreement, the unsecured creditor agreed to discount the outstanding balance by 25%, reducing the balance to USD $232,741. The Company previously booked this settlement as a reduction to the carrying amount of fixed assets and expenses. This settlement should have been treated as a debt extinguishment in accordance with IAS 39 with a gain recognized through profit and loss.

During the year ended December 31, 2013, the Company agreed to settle certain liabilities with various parties through the issuance of convertible debentures. The Company recognized a gain of $12,000 from these settlements,

however incorrectly allocated the gain to equity when it should have been record through profit and loss. The December 31, 2013 figures have been adjusted to reflect the gain being recognized through profit and loss.

b) Deferred Revenues

The Company often charges BPO customers for the setup, implementation and training related to the commencement of a new BPO contract. The amount billed to the customer was recognized upon completion of this start up work. The Company has concluded, however, that these services are integral to the success of the BPO services and therefore not considered to be separate deliverables for revenue recognition purposes and should have been deferred and recognized over the life of each BPO contract. Accordingly, the Company had adjusted revenues previously recognized and deferred amounts on a straight-line basis over the term of each BPO contract, as applicable.

c) Sales Pipeline

The Company previously recognized a sales pipeline as an identifiable intangible asset related to the acquisition of OCCGI on May 24, 2012. Upon initial recognition and allocation of the purchase price, the Company recognized as an identifiable intangible asset a sales pipeline. The Company has determined, however, that this asset did not meet the recognition criteria for an intangible asset. As a result, the Company has reallocated $65,000 from the previously recognized sales pipeline to goodwill. Since the sales pipeline was previously impaired at December 31, 2013, the impairment charge of $65,000 was reversed.

d) Amortization of Customer Relationships

For the year ended December 31, 2012, the Company assessed the useful life of the customer relationships as being indefinite and did not record any amortization in the year related to them. For the year ended December 31, 2013, the Company reassessed the useful life of the customer relationships and concluded they did not in fact have an indefinite life and accordingly started to amortize them in 2013. The Company treated this as a change in estimate and applied it prospectively. The Company has concluded, however, that the change in the useful life made in 2013 was in fact an error and should have been applied retroactively. As a result, the Company had adjusted the useful life of the customer relationships from the date of acquisition and amortized them based on the revised assessment of their useful life. As a result, all customer relationships previously recognized have been amortized or impaired as of December 31, 2013.

The financial statement impact of the changes noted above is as follows:

DEALNET CAPITAL CORP.
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2014
(Expressed in Canadian Dollars)

Consolidated Statement of Financial Position
December 31, 2013

	As previously reported	Impact of restatement	As restated
Goodwill	$ 1,277,000	$ 65,000	**$ 1,342,000**
Intangible assets	1,164,000	(111,000)	**1,053,000**
Total assets	4,016,000	(46,000)	**3,970,000**
Accounts payable	1,621,000	(8,000)	**1,613,000**
Deferred revenues	6,000	172,000	**178,000**
Total liabilities	5,600,000	164,000	**5,764,000**
Contributed surplus	2,433,000	(12,000)	**2,421,000**
Deficit	52,080,000	198,000	**52,278,000**
Shareholder's deficiency	1,584,000	210,000	**1,794,000**
Total liabilities and shareholder's deficiency	4,016,000	(46,000)	**3,970,000**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2013

	As previously reported	Impact of restatement	As restated
Revenue	$ 4,810,000	$ (161,000)	**$ 4,649,000**
Selling and administrative	3,378,000	18,000	**3,396,000**
Depreciation and amortization	444,000	17,000	**461,000**
Impairment of intangible assets and goodwill	111,000	(92,000)	**19,000**
Accretion of interest and transaction costs	30,000	8,000	**38,000**
Gain on debt settlement	(15,000)	(109,000)	**(124,000)**
Net loss	2,452,000	3,000	**2,455,000**
Total comprehensive loss	2,475,000	15,000	**2,490,000**
Loss per common share basic and diluted	0.04	0.00	**0.04**

Consolidated Statement of Shareholders' Equity (Deficiency)
For the year ended December 31, 2013

	As previously reported	Impact of restatement	As restated
Contributed Surplus	$ 2,433,000	$ (12,000)	**$ 2,421,000**
Deficit- December 31, 2012	49,628,000	195,000	**49,823,000**
Deficit- December 31, 2013	52,080,000	198,000	**52,278,000**
Shareholder's deficiency	1,584,000	210,000	**1,794,000**

Consolidated Statement of Cash Flows
For the year ended December 31, 2013

	As previously reported	Impact of restatement	**As restated**
Cash flows from operating activities			
Net loss	$ 2,452,000	$ 3,000	**$ 2,455,000**
Depreciation and amortization	444,000	17,000	**461,000**
Impairment of intangibles	111,000	(92,000)	**19,000**
Gain on debt settlements	(15,000)	(109,000)	**(124,000)**
Accretion of interest expense and transaction costs	30,000	8,000	**38,000**
Deferred revenue	-	160,000	**160,000**
Accounts payable and accrued liabilities	192,000	19,000	**211,000**
Cash used in operating activities	(1,819,000)	-	**(1,819,000)**

The above adjustments do not impact the cash balance at the end of the period.
The above adjustments do not result in an impact to investor or financing activities.

5. Trade Receivables

Trade receivables consist of the following:

	December 31, 2014	December 31, 2013
Trade receivables	**$ 2,174,000**	$ 746,000
Allowance for doubtful accounts	**(77,000)**	(48,000)
	$ 2,097,000	$ 698,000

Below is an aged analysis of the Company's trade receivables:

	December 31, 2014	December 31, 2013
0-30 days	**$ 1,915,000**	$ 674,000
31-60 days	**188,000**	3,000
61-90 days	**11,000**	13,000
>90 days	**60,000**	56,000
	$ 2,174,000	$ 746,000

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. Amounts greater than 60 days are considered past due. As at December 31, 2014, $259,000 of accounts receivables are past due and the Company has recorded an allowance for doubtful accounts of $77,000 for these past due accounts.

At December 31, 2014, the Company sold $913,000 of trade receivables for proceeds of $813,000. Of this amount, $100,000 were sold to a related party (who ceased to be a related party in September 2014) and the remainder were sold to third parties. If the trade receivables are not paid at maturity, the third party has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a factoring advance.

For the year ended December 31, 2014 the Company incurred total factoring costs of $242,000 which are recognized in the consolidated statement of profit and loss.

At December 31, 2013, the Company sold $672,000 of trade receivables for proceeds of $471,000. Of this amount, $100,000 were sold to a related party and the remainder were sold to third parties. If the trade receivables are not paid at maturity, the third party has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing.

For the year ended December 31, 2013, the Company incurred factoring discounts of $137,000 which are recognized in the consolidated statement of profit and loss.

6. Prepaid Expenses and Sundry Assets

Prepaid and sundry assets consist of the following:

	December 31, 2014	December 31, 2013
HST receivable	$ **218,000**	$ 98,000
Prepaid expenses	**124,000**	159,000
	$ **342,000**	$ 257,000

7. Due to/from Related Parties

Amounts due to/from related parties are in the normal course of operations, are unsecured, non-interest bearing, due on demand and are as follows. Refer to Note 26 below or additional details regarding related party transactions.

	December 31, 2014	December 31, 2013
Due from Related Parties:		
Related party by virtue of common officers and directors	$ **-**	$ 17,000
Due to Related Parties:		
Officers, directors and shareholders	$ **561,000**	$ 301,000

8. Property and Equipment

	Computer Equipment	Office Equipment	Leasehold Improvements	HVAC Equipment	Total
COST					
January 1, 2013	132,000	139,000	331,000	-	602,000
Additions	73,000	50,000	7,000	-	130,000
Effect of translation	1,000	2,000	-	-	3,000
December 31, 2013	206,000	191,000	338,000	-	735,000
Additions	256,000	40,000	20,000	155,000	471,000
Effect of translation	7,000	7,000	1,000	-	15,000
December 31, 2014	469,000	238,000	359,000	155,000	1,221,000
ACCUMULATED DEPRECIATION					
January 1, 2013	26,000	36,000	56,000	-	118,000
Depreciation for the year	53,000	63,000	85,000	-	201,000
Effect of translation	-	-	-	-	-
December 31, 2013	79,000	99,000	141,000	-	319,000
Depreciation for the year	122,000	45,000	91,000	3,000	261,000
Impairment	-	-	-	-	-
Effect of translation	4,000	7,000	1,000	-	12,000
December 31, 2014	205,000	151,000	233,000	3,000	592,000
NET BOOK VALUE					
December 31, 2014	264,000	87,000	126,000	152,000	629,000
December 31, 2013	127,000	92,000	197,000	-	416,000

During the year ended December 31, 2014, the Company reclassified computer software that was previously presented in property and equipment to intangible assets. Comparative figures have been adjusted to reflect the current year presentation.

9. Business Combinations

On July 1, 2014, the Company closed the acquisition of all the issued and outstanding shares of Impact Mobile, a technology and customer engagement services company that provides end-to-end mobile marketing solutions and carrier-grade messaging infrastructure to allow its clients to reach their mobile customers. In consideration for the acquisition, the Company issued at closing 5,500,000 common shares of the Company, 1,500,000 of which to be held in escrow and used to retain key executives of Impact Mobile over three years, and $500,000 in cash to the vendors, payable over a period of 60 days from closing.

The following table summarizes the consideration paid for the acquisition of Impact, and the amounts recognized for the assets acquired and liabilities assumed at the acquisition date. The allocation set forth below represents the provisional amounts for the assets acquired and liabilities assumed until an independent business valuation of this

acquisition is completed, which management anticipates to be completed by the second quarter of 2015. This could result in the adjustment of goodwill and intangible assets, or other assets acquired or liabilities assumed once finalized.

Preliminary fair value of net assets acquired as at acquisition date

Accounts receivable (net of allowance of $32,000)	$	1,063,000
Income taxes recoverable		875,000
Prepaid expenses		32,000
Investment tax credits receivable		90,000
Equipment		227,000
Intangibles assets		78,000
Bank indebtedness		(104,000)
Accounts payable and accrued liabilities		(1,127,000)
Government remittances payable		(7,000)
Deferred revenue		(239,000)
Capital lease obligations		(236,000)
Net assets acquired	$	652,000
Goodwill		921,000
Total purchase price	$	1,573,000

The goodwill acquired represents the benefits the Company expects to receive from the acquisition, including expected synergies and cost savings from combining operations, cross selling of services, intangible assets of the organized workforce that do not qualify for separate recognition and other factors.

The Company has incurred acquisition costs of $32,000 relating primarily to external legal fees, consulting fees, and due diligence costs. These costs have been recognized within selling and administrative expenses in the consolidated statements of profit or loss.

The results of operations of Impact Mobile have been included in the consolidated financial statements from July 1, 2014, the date of acquisition. Included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2014 are revenues and net income relating to Impact Mobile of $2,428,000 and $241,000, respectively. Had the acquisition of Impact Mobile occurred on January 1, 2014, the revenues and net income relating to Impact Mobile would have been $4,999,000 and $272,000, respectively. The Company has determined that the goodwill recognized related to this acquisition is not deductible for tax purposes.

10. Intangible Assets and Goodwill

		Intangible Assets					
	Goodwill	**Customer Relationships**	**Computer Software Development**	**Computer Software**	**Licenses**	**Trademark**	**Total Intangible Assets**
Cost							
January 1, 2013	$ 1,342,000	$ 365,000	$ -	$ 698,000	$ -	$ -	$ 1,063,000
Additions			139,000	228,000	95,000	4,000	466,000
Effect of translation	-	-	-	19,000	-	-	19,000
December 31, 2013	$ 1,342,000	$ 365,000	$ 139,000	$ 945,000	$ 95,000	$ 4,000	$ 1,548,000
Additions	921,000	-	10,000	124,000	-	-	134,000
Effect of translation	-	-	-	7,000	-	-	7,000
December 31, 2014	**$ 2,263,000**	**$ 365,000**	**$ 149,000**	**$ 1,076,000**	**$ 95,000**	**$ 4,000**	**$ 1,689,000**
Amortization and Impairments							
January 1, 2013	$ -	$ (183,000)	$ -	$ (31,000)	$ -	$ -	$ (214,000)
Amortization	-	(163,000)	(2,000)	(97,000)	-	-	(262,000)
Impairment	-	(19,000)	-	-	-	-	(19,000)
December 31, 2013	$ -	$ (365,000)	$ (2,000)	$ (128,000)	$ -	$ -	$ (495,000)
Amortization	-	-	(26,000)	(98,000)	(19,000)	-	(143,000)
Effect of translation	-	-	-	(7,000)	-	-	(7,000)
Impairment	(400,000)	-	(121,000)	(235,000)	(76,000)	(4,000)	(436,000)
December 31, 2014	**$ (400,000)**	**$ (365,000)**	**$ (149,000)**	**$ (468,000)**	**$ (95,000)**	**$ (4,000)**	**$ (1,081,000)**
Net Book Value							
December 31, 2014	**1,863,000**	**-**	**-**	**608,000**	**-**	**-**	**608,000**
December 31, 2013	1,342,000	-	137,000	817,000	95,000	4,000	1,053,000

During the year ended December 31, 2014, the Company reclassified computer software that was previously presented in property and equipment in prior years to intangible assets. Comparative figures have been adjusted to reflect the current year presentation. Certain comparative figures from 2013 relating to computer software were restated in the table above- see Note 4 above.

During the year ended December 31, 2014, the Company discontinued the use of a piece of computer software used exclusively for one of the Company's BPO clients as a result of contract termination. Accordingly, the $235,000 impairment recorded above for computer software is related to this software no longer used by the Company. Additionally, as discussed in greater below, the Company recognized an impairment loss related to the intangible assets of the Consumer Finance CGU of $201,000 and an impairment loss related to the goodwill of Mobile Marketing CGU of $400,000 for the year ended December 31, 2014.

Impairment of Intangibles and Goodwill

The Company performed its annual test for the potential impairment of goodwill in the fourth quarter of 2014. This test was performed in accordance with the policy described in Note 3.

The Company has three CGUs, two of which include goodwill and/or intangible assets. The Company's CGU's are the same as its reportable segments identified below in Note 29. OCCGI provides live engagement BPO services to corporate customers in Canada and the United States. Impact Mobile provides mobile engagement services to customers in Canada and the United States. The carrying value of goodwill and intangible assets by CGU are identified separately in the table below.

	Intangible Assets	Goodwill
BPO	$ 551,000	$ 1,342,000
Mobile Marketing	57,000	521,000
Consumer Finance	-	-
Total	$ **608,000**	$ **1,863,000**

The valuation techniques, significant assumptions and sensitivities applied in the goodwill and intangible asset impairment test are described below:

Valuation Technique
The recoverable value is based on the higher of VIU or the fair value less disposal costs. The VIU uses future cash flows that a CGU will generate. The VIU method was used, which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the CGU or asset and the time value of money. This approach requires assumptions about various items such as revenues, expenses, taxes, interest, depreciation, amortization, capital expenditures to maintain assets, repair and maintenance, growth rates and pre-tax discount rates.

Growth Rate and Terminal Value
The Company used management's approved budget for five years and applied a growth rate of 2.5% to the life for all CGUs plus a terminal value, if any. The growth rates are management's estimate of long-term inflation and revenue growth for the Company based on changing industry trends, past experience and management estimates. In arriving at its forecasts, the Company considered past experience, economic trends such as Gross Domestic Product growth and inflation as well as industry and market trends.

Discount Rate
The Company used a pre-tax discount rate of 16%-18% for OCCGI, 25%-30% for Impact Mobile and 12% for ODFSI in order to calculate the present value of projected future cash flows. The pre-tax discount rate represented a weighted average cost of capital ("WACC") and capital asset pricing models of market participants which was determined based on the current market assessment of the time value of money and the risks specific to each CGU and how other participants would use the CGU.

Management has considered reasonably possible changes in assumptions for the discounted cash flows. For OCCGI in all of these scenarios, the recoverable amount was greater than the carrying value, and as a result Management did not identify an impairment to that CGUs. For ODFSI, the recoverable amount was less than the carrying value of the CGU. As a result, an impairment loss has been recognized for the intangible assets of the Consumer Finance CGU in the amount of $201,000. For Impact Mobile, the recoverable amount was less than the carrying value of the CGU. As a result, an impairment loss has been recognized for the goodwill of the CGU of $400,000.

11. Accounts Payable

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases, professional fees and payroll liabilities.

	December 31, 2014	December 31, 2013
Trade payables	$ **1,118,000**	$ 1,155,000
Accrued liabilities	**1,507,000**	124,000
Other	**286,000**	236,000
Payroll liabilities	**71,000**	181,000
	2,982,000	1,696,000
Long term portion	**-**	83,000
Current	$ **2,982,000**	$ 1,613,000

Below is an aged analysis of the Company's trade payables:

	December 31, 2014	December 31, 2013
0-30 days	$ **354,000**	$ 472,000
31-60 days	**90,000**	182,000
61-90 days	**42,000**	118,000
>90 days	**632,000**	383,000
	$ **1,118,000**	$ 1,155,000

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. Included in the balance above is a payable to a former related party of the Company of $34,000. Certain comparative figures from 2013 relating to other accounts payable were restated in the table above- see Note 4 above.

On June 26, 2013, the Company entered into a payment agreement with a vendor for an outstanding balance of USD $310,000 (CDN $326,000). Under the terms of the agreement the vendor discounted the outstanding balance by 25%, reducing the balance to USD $233,000 (CDN $246,000). The Company committed to making equal monthly payments to the vendor through June 2015 at which point the balance would be fully paid. In the event the Company defaults on a payment the discount will be reversed and the Company will be required to pay the original outstanding balance less any payments made. The Company treated this payment arrangement as a debt extinguishment and subsequently recognized a new liability, with a gain being recognized in profit or loss. At December 31, 2014, the Company is in compliance with the terms of the agreement and $101,000 of this payable remains outstanding. During the year ended December 31, 2014, the Company recorded accretion of interest expense on this payment agreement of $16,000 (December 31, 2013: $8,000).

On November 15, 2013, the Company settled $172,000 in trade payables. The Company settled $110,000 of the amount due with issuance of $50,000 of convertible debentures, the issuance of 300,000 common shares valued at $45,000 and entering into an agreement to settle $62,000 with 16 monthly payments of approximately $4,000, bearing interest at the rate of 15% per year. The Company recognized a gain on settlement of $15,000 through profit or loss. At December 31, 2014, $19,000 of this payable remains outstanding.

12. Bank Indebtedness

Impact Mobile has a banking facility that provides for a demand bank loan for a maximum of $500,000. Borrowing under the facility bears interest at the lender's prime rate plus 2%. The banking facility is secured by a general security agreement consisting of a first charge over all assets of Impact Mobile.

At December 31, 2014, bank indebtedness related to the above banking facility was $nil.

13. Debentures and Notes Payable

	Convertible Debentures (Note 13a)	Secured Subordinated Debentures (Note 13b)	Short-Term Debentures (Note 13c)	Notes Payable (Note 13d)	Total
Balance, December 31, 2012	279,000	-	-	565,000	844,000
Additions	2,192,000	-	-	106,000	2,298,000
Attributed to contributed surplus	(89,000)	-	-	-	(89,000)
Transaction costs	(29,000)	-	-	-	(29,000)
Interest accretion	30,000	-	-	-	30,000
Balance, December 31, 2013	2,383,000	-	-	671,000	3,054,000
Additions	-	1,059,000	300,000	653,000	2,012,000
Conversion to secured sub. debentures		438,000	-	(438,000)	-
Attributed to contributed surplus		(15,000)	(8,000)	-	(23,000)
Transaction costs	-	(66,000)	-	-	(66,000)
Interest accretion	104,000	67,000	8,000	-	179,000
Repayments	-	-	-	(90,000)	(90,000)
Conversion to common stock	(2,040,000)	-	-	-	(2,040,000)
Balance, December 31, 2014	447,000	1,483,000	300,000	796,000	3,026,000

a) *Convertible Debentures*

During the years ended December 31, 2012 and 2013, the Company issued a total of $2,500,000 in convertible debentures of which $33,000 matures on December 7, 2015 and the balance on December 20, 2015. The convertible debentures bear interest at a rate of 12% per annum, payable quarterly. The Company did not issue any new convertible debentures during the year ended December 31, 2014.

The outstanding principal under the debentures may, at the option of the holders, be converted into common shares of the Company at a conversion price of $0.20 per share. The Company has the right to redeem the debentures, in whole or in part, from time to time, at a redemption price equal to the unpaid principal amount of the debentures to be redeemed. If the market price of the Company's common stock is less than 125% of the conversion price, then if redeemed in the first year following the closing date, the redemption price will be equal to 125% of the unpaid principal amount of the debentures to be redeemed, plus accrued and unpaid interest thereon, dropping to 110% in the second year and 100% in third year of the debentures. The convertible debentures are a debt security (liability), an equity instrument and has an embedded conversion option.

The Company used the residual method to allocate the liability and equity portion of the convertible debenture. For the convertible debentures issued during the year ended December 31, 2013, the Company allocated a value of $2,103,000 to the debt component ($285,000 for year ended December 31, 2012) and $89,000 to equity ($23,000 for year ended December 31, 2012). The debt component includes the embedded conversion option. Management has determined the embedded conversion option required separation from the debt component but the fair value was not considered to be material. The value of the debt was measured using a discounted cash flow method. In determining the value of the liability, the Company applied an interest coupon rate of 15% which assumes no conversion feature.

In July and August, 2014, the Company received forms of election whereby certain holders of the convertible debentures elected to convert a total of $85,000 into common shares of the Company at $0.20 per share. The Company issued 425,000 common shares relating to this conversion.

Additionally, in December 2014, the Company offered holders of the convertible debentures an incentive to convert their debentures on or before December 31, 2014. In addition to the common shares to be received upon conversion, the Company offered holders i) one common share purchase warrant for every common share issued upon conversion and ii) the equivalent of an additional six months of interest beyond the conversion date on the principal portion of the convertible debenture, settled through the issuance of common shares of the Company at the rate of five common shares for every $1.00 of interest.

On December 31, 2014, the Company received forms of election to convert a total of $1,955,000 of principal as a result of this incentive. The Company issued 9,755,000 common shares relating to the original conversion. Additionally, the Company issued i) 9,755,000 common share purchase warrants with an exercise price of $0.30 and a term of 18 months and ii) 586,500 common shares which is equal to the additional six months of interest on the debentures converted, at the rate of five common share for every $1.00 of interest. The Company recorded transaction costs of $44,000 in relation to the conversions which were expenses through profit and loss. Included in the consolidated statement of profit or loss for the year ended December 31, 2014 was an $848,000 expense representing the fair value of the incentive provided for the convertible debentures that were converted under the early conversion program as well as transaction costs.

Subsequent to year-end, on February 12, 2015, the Company received forms of election to convert an additional $185,000 of principal. The Company agreed to extend the incentive offer to these holders and converted an additional $185,000 of principal on January 22, 2015.

b) *Secured Subordinated Debentures*

In July and August 2014, the Company raised gross proceeds of $1,497,000 through the issuance of secured subordinated debentures (“Secured Debentures”). Included in the gross proceeds was the conversion of $438,000 of short-term note issued in May and June, 2014.

The Secured Debentures mature on January 29, 2015 and bear interest at 15% per annum, payable at maturity. In addition, a 3% loan establishment fee will be paid to holders of the debenture on the maturity date. The Company may elect to extend the maturity date of the secured subordinated debentures by an additional six month period, provided that the unpaid principal shall bear interest at 2% per month.

In conjunction with the issuance of the Secured Debentures, the Company issued 1,047,900 common share purchase warrants with a term of two years and an exercise price of $0.30.

The Company used the residual method to allocate the liability and equity portion of the secured subordinated debenture. The Company allocated a fair value of $1,482,000 to the liability and $15,000 to the equity component. The value of the debt was measured using a discounted cash flow method. In determining the fair value of the liability, the Company applied an interest coupon rate of 18% which assumes no equity component. The Company recorded transaction costs of $66,000 related to the secured subordinated debentures, consisting of the 3% establishment fee of $45,000 and legal fees of $21,000, which were netted against the liability.

Subsequent to year-end, on February 12, 2015, $450,000 of these debentures were settled through the issuance of common shares and warrants (see subsequent events note below). The Company elected to extend the remaining balance of $1,047,000 for a further six months, which mature on July 29, 2015.

c) *Short Term Debentures*

On July 2, 2014, the Company issued $300,000 of short term debentures (“ST Debentures”). The ST Debentures mature on January 2, 2015 and bear interest at the rate of 12% per annum, payable on maturity. In conjunction with the issuance of the ST Debentures, the Company issued 300,000 common share purchase warrants with a term of two years and an exercise price of $0.29.

The Company used the residual method to allocate the liability and equity portion of the ST Debenture. The Company allocated a fair value of $292,000 to the liability and $8,000 to the equity component. The fair value of the debt was measured using a discounted cash flow method. In determining the value of the liability, the Company applied an interest coupon rate of 18% which assumes no equity component.

Subsequent to year-end, on February 12, 2015, the ST Debentures, including accrued but unpaid interest, were settled through the issuance of common shares and warrants (see subsequent events note below).

d) *Notes Payable*

Notes payable consists of the following:

i. In 2008, the Company agreed to issue unsecured, non-interest bearing promissory notes. The Company did not make all payments as originally contemplated. As at December 31, 2014, the Company remains in default to four note holders for a total of $565,000. Subsequent to year-end, on March 13, 2015, three of the note holders agreed to settle their notes totaling $454,000 into common shares and common share purchase warrants of the Company valued at $404,000 in a private placement that closed on March 13, 2015 (see subsequent event note below).

ii. On December 31, 2013, the Company issued an unsecured note for $106,000 to a vendor to settle amounts owing to the vendor. The note is repayable with a payment of $2,000 per week commencing January 1, 2014. Interest accrues on the outstanding month end balance at 2% per month until the outstanding balance has been paid. At December 31, 2014, $16,000 remains payable on this note. Subsequent to year-end, this note was fully paid off.

iii. In May and June 2014, the Company issued unsecured short term notes of $438,000 from proceeds received in cash. The notes bear interest at the rate of 12% per annum. The short term notes and the accrued but unpaid interest of $10,000 were converted into Secured Debentures on July 29, 2014.

iv. In December 2014, ODFSI, a wholly owned subsidiary, issued an unsecured promissory note for cash proceeds of $215,000. The unsecured promissory note bears interest at the rate of 12% per annum. The note also had a loan establishment fee of 7%, which equated to $15,000 and was paid at issuance. The unsecured promissory note is due on the earlier of i) 120 days from the date of issuance ii) the first closing of the private placement that was announced by the Company on November 25, 2014 iii) January 31, 2015 at the option of the note holder and iv) a date that is mutually agreed to by the note holder and the Company. Subsequent to year-end, on February 12, 2015, the entire note, including accrued interest, was settled through the issuance of common shares and warrants.

14. Secured Revolving Loan

On May 23, 2014, the Company's wholly-owned subsidiary, ODFSI, entered into a $2,000,000 secured revolving loan facility with an unrelated party, who is acting as an agent to a consortium of investors as further described below, maturing on May 23, 2016. The Company shall pay to the lender a standby fee of 5% per annum on all undrawn amounts under the secured revolving loan facility commencing on June 1, 2014, payable monthly in arrears. The Company shall pay to the lender 12% per annum on all drawn amounts. The secured revolving loan facility was provided to the Company to underwrite HVAC rental contracts which shall be the lender's security in the occurrence of default. In addition, the Company also issued 1,000,000 common share purchase warrants each to purchase one common share of the Company at an exercise price of $0.29 per share, expiring two-years from the date of issuance. The Company recorded transaction costs of $39,000 relating to the loan facility. The Company used the residual method to allocate the liability and equity portion of the secured revolving loan. The Company estimated the fair value of the equity component to be $133,000. The fair value of the liability was measured using a discounted cash flow method. In determining the value of the liability, the Company applied an interest coupon rate of 18% which assumes no equity component.

The fair value of the equity component as well as the transaction costs totaling $172,000 was netted against the liability and are being accreted over the term of the loan.

As at December 31, 2014, the Company had outstanding advances of $250,000 from the secured revolving loan facility. For the year ended December 31, 2014, the Company accrued $68,000 in interest expense and standby fees related to the secured revolving loan facility.

For the year ended December 31, 2014, the Company recorded accretion of interest and transaction costs of $49,000. As at December 31, 2014, the unaccreted portion of $123,000 has been netted against the liability.

Furthermore, an unrelated party is acting as an agent for a consortium of investors, of which, an officer of the Company is a beneficial participant of the consortium having committed to provide five percent of the principal amount of the credit facility. The officer did not have any participation in the warrants issued in connection to the secured revolving loan facility.

Subsequent to year-end, on March 12, 2015, this facility was repaid and cancelled by the Company.

15. Finance Lease Obligations

Obligations under finance lease are payable as follows:

	December 31, 2014	December 31, 2013
Finance lease obligations to Dell, payable in 36 equal monthly installments of $5,135 from March 2013 to February 2016, bearing effective interest of 2.05% per annum and is secured by leased computer hardware of Impact Mobile	$ 71,000	$ -
Finance lease obligations to RBC, payable in 36 equal monthly installments of $4,818 from January 2013 to December 2016, bearing effective interest of 4.06% per annum and is secured by leased computer software of Impact Mobile	111,000	-
	182,000	-
Less: current portion	115,000	-
	$ 67,000	$ -

The above noted leases were entered into by Impact Mobile. As the Company only purchased Impact Mobile in July 2014, comparative information is not included. Future minimum lease payments related to the obligations under finance lease are as follows:

	$
2015	119,000
2016	68,000
	187,000
Less: imputed interest	(5,000)
	182,000
Less: current portion	115,000
	$ 67,000

16. Debt Settlements

During the year ended December 31, 2014, the Company entered into agreements to settle liabilities on the following basis:

1) The Company agreed to settle a $34,000 liability with an unsecured creditor for $28,000, consisting of a cash payment of $14,000 and the issuance of common shares of the Company with fair value of $14,000, resulting in a gain on settlement of $6,000.

During the year ended December 31, 2013, the Company entered into agreements to settle liabilities on the following basis:

1) The Company issued $20,000 in convertible debentures to settle $31,000 in director fees payable to a current director of the Company resulting in a gain on settlement of $11,000.

2) The Company issued $11,000 of convertible debentures to settle $12,000 in consulting fees payable to a related party resulting in a gain on settlement of $1,000.

3) The Company issued $6,000 of convertible debentures to settle $6,000 in consulting fees payable to a related party.

4) The Company issued $7,000 in convertible debentures to settle $7,000 in consulting fees payable to an unrelated party.

5) The Company issued $78,000 of convertible debentures to settle $78,000 in consulting fees payable to an unrelated party.

6) The Company issued 138,966 shares of its common stock valued at $0.18 (market price) to settle $25,000 of consulting fees payable to an unrelated party.

7) The Company settled $60,000 of consulting fees payable to an unrelated party with 300,000 shares of its common stock valued at $45,000, resulting in a gain on settlement of $15,000. The shares were unissued at December 31, 2013 and were subsequently issued on January 8, 2014.

8) The Company settled USD $310,000 (CDN$326,000) of unsecured payables to an unrelated party for USD $233,000 (CDN$245,000) payable over an eighteen month period. The Company recognized a gain of $97,000 on the settlement.

17. Revenues

Included in revenues for the year ended December 31, 2014 is a one-time penalty fee received by the Company for the early termination of a call centre contract (BPO revenues) of $813,000.

18. Cost of Sales

		December 31, 2014		December 31, 2013
Salaries and benefits	$	**4,653,000**	$	2,615,000
Depreciation		**57,000**		-
Other direct costs		**670,000**		326,000
	$	**5,380,000**	$	2,941,000

19. Selling and Administrative Expenses

		December 31, 2014		December 31, 2013
Salaries and benefits	$	**3,014,000**	$	1,010,000
Consulting and professional fees		**1,348,000**		676,000
Occupancy costs		**849,000**		623,000
Other		**678,000**		1,087,000
	$	**5,889,000**	$	3,396,000

20. Interest and Accretion Expense

Interest expense and accretion of interest and transaction costs for the year are broken out as follows:

		December 31, 2014		December 31, 2013
Interest expense				
Convertible debentures	$	**296,000**	$	140,000
Secured Debentures		**92,000**		-
Secured revolving loan		**68,000**		-
ST Debentures		**18,000**		-
Notes payable		**29,000**		24,000
Other		**71,000**		85,000
	$	**574,000**	$	249,000
Accretion of interest expense and transaction costs				
Convertible debentures	$	**104,000**	$	30,000
Secured Debentures		**67,000**		-
Secured revolving loan		**50,000**		-
ST Debentures		**8,000**		-
Other		**16,000**		8,000
	$	**245,000**	$	38,000

21. Income Taxes

The provision for income taxes has been computed as follows:

		December 31, 2014		December 31, 2013 (Restated- Note 4)
Loss before income tax		**(4,575,000)**		(2,455,000)
Expected income tax (recovery) expense at the statutory rate of 26.50% (2013 –26.50%)	**$**	**(1,213,000)**	$	(650,000)
Increase (decrease) in taxes resulting from:				
Impact of foreign income tax rate differential		**55,000**		-
Non-deductible stock based compensation		**52,000**		87,000
Other permanent differences		**20,000**		15,000
Tax benefits impaired and not recognized		**1,086,000**		548,000
Income tax recovery	$	**-**	$	-

The significant components of deferred income tax assets and liabilities are as follows:

		December 31, 2014		December 31, 2013
Non-capital losses carried forward recognized	**$**	**7,000**	$	92,000
Equipment		**(3,000)**		(30,000)
Intangible assets		**(4,000)**		(62,000)
Net deferred tax (liabilities) assets		**-**		-

Deferred tax assets are recognized for the carry-forward or unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. The following represents the deductible temporary differences and unused tax losses carried forward which have not been recognized in the financial statements.

		December 31, 2014		December 31, 2013
Convertible and secured subordinated debentures	**$**	**229,000**	$	**-**
Loss carryforward- United States (expiry (2026 to 2032)		**553,000**		1,006,000
Loss carryforward- Canada (expiry 2015 to 2034)		**10,331,000**		6,552,000
	$	**11,113,000**	$	7,558,000

The Company offsets the deferred tax assets and deferred tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

The Company has tax losses of $10,331,000 and $553,000 available in Canada and the Unites States, respectively (December 31, 2013 - $6,552,000 and $1,006,000, respectively) available to be applied against future years' taxable income. In order to record a deferred income tax asset, it must be more likely than not that the deferred tax asset resulting from the tax losses available for carry forward will be realized. Given the Company’s uncertainty regarding profitability, the Company has not recognized a benefit. The tax losses expire in years ranging from 2015 through 2034.

In March 2014, Impact Mobile amended various tax returns in Canada based on the outcome of a transfer pricing study. The transfer pricing study concluded that Impact Mobile should be using a different transfer pricing methodology which resulted in allocating a smaller portion of overhead and management costs to its operations in the United States, where its US entity had tax losses available. In November 2014, the Company received notice of assessments from the Canada Revenue Agency approving the transfer pricing adjustment, which resulted in the refund of $767,455 of income taxes from the years 2008 to 2012. The refund was received in November 2014. The refund also included refund interest of $38,377. The Company is in the process of refiling tax returns in the United States for the same years with the above-noted adjustments, and expects that it will incur income taxes, including penalties and interest, of approximately $40,000. Pursuant employment agreements with certain Impact Mobile employees, 50% of any refund received, net of any amounts owing from refiling tax returns in the United States, and costs related to the refiling and transfer pricing study, are to be paid out as bonuses to these employees. The Company recognized this refund as a receivable on the date of acquisition of Impact Mobile, net of the taxes owing and amounts payable to key employees. A total of $376,000 was accrued as of December 31, 2014 to three employees of Impact Mobile as a bonus, as well as $40,000 for income taxes, penalties and interest owing in the United States.

22. Commitments

The Company has entered into various property leases relating to rental of offices expiring from one to two years after December 31, 2014. The Company maintains three offices, two of which are in Toronto Ontario and one in Reno, Nevada.

The Company is committed to the following lease obligations, with future minimum payments (exclusive of taxes) as follows:

2015	$	**388,000**
2016		**54,000**
2017 and beyond		**-**
	$	**442,000**

Subsequent to year-end, the Company entered into a lease agreement with the landlord of one of the Company's existing locations for a term of 10 years. The lease is for approximately 12,000 square feet of space and gross rents range from $23.50 to $25.50 per square foot in years 2-10. During the first year of the lease, the Company received an allowance for basic rent. Additionally, the Company entered into a lease agreement with the landlord of another one of the Company's existing locations for the term of three years.

23. Contingency

On April 29, 2013, the Company was served a labour claim for $923,667 (plus expenses) by a former Chief Financial Officer of the Company. The Company, along with numerous related and unrelated parties have been named as Defendants (the "Defendants") of this claim. The claim is for wrongful dismissal, bad faith dismissal damages, punitive and aggravated damages, unpaid debts, remuneration, directors' fees, benefits, bonuses, insurance and damages in relation to lost share value. The dispute involves acts and omissions of the Defendants which disregarded the interests of the plaintiff. In October 2014, this claim was fully settled with a payment by the Company of $5,000 towards the former employee's legal costs. The Company has been provided with a full release from the plaintiffs and this contingency no longer exists at December 31, 2014.

24. Financial Instruments

Upon initial recognition, all financial instruments are recorded on the statements of consolidated financial position at their fair value (and transaction costs, except FVTPL). After initial recognition, the financial instruments are measured at their fair value, except for held-to-maturity investments, loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest rate method. In some rare cases, available for sale instruments whose fair value cannot be measured reliably are held at cost. Changes in the fair value of FVTPL financial instruments are recognized in profit or loss for the year. The Company does not hold any held-to-maturity investments or available for sale instruments.

The Company holds various forms of financial instruments as follows:

Description	Designation	December 31, 2014	December 31, 2013
Cash, cash equivalents	FVTPL	$ **616,000**	$ 73,000
Receivables	Loans and receivables	**2,097,000**	698,000
Due from related parties	Loans and receivables	**-**	17,000
Accounts payable and accrued liabilities	Other financial liabilities	**2,982,000**	1,613,000
Accounts payable to related parties	Other financial liabilities	**561,000**	301,000
Interest and fees payable on debentures and notes	Other financial liabilities	**287,000**	64,000
Factoring advances	Other financial liabilities	**813,000**	471,000
Long-term payables	Other financial liabilities	**-**	83,000
Secured revolving loans	Other financial liabilities	**127,000**	-
Debentures and notes	Other financial liabilities	**3,026,000**	3,054,000

The fair value of loans and receivables do not differ significantly from their carrying value due to their short-term nature.

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on the consolidated financial statements. The following analysis provides a measurement of risks as at December 31, 2014.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to fluctuations in the realizable values of its cash and accounts receivable. Cash accounts are maintained with major international financial institutions of reputable credit and therefore bear minimal credit risk. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal commercial credit risks in Canada and the United States. A substantial portion of the Corporation's accounts receivable are concentrated with a limited number of large customers all of which the Corporation believes are subject to normal industry credit risks. At December 31, 2014, the Company booked an allowance of bad debt of $77,000 in regards to three customers with past due amounts. For the year ended December 31, 2014, 46% of the Company's receivables are due from one customer (65% for the year ended December 31, 2013), and 62% of the receivables are due from four customers (88% for the year ended December 31, 2013).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by closely monitoring changing conditions in its investees, participating in the day to day management and by forecasting cash

flows from operations and anticipated investing and financing activities.

The Company continues to develop new business strategies and raise additional financing. At December 31, 2014, there is doubt about the Company's ability to continue as a going concern primarily due to its history of losses and a $4,984,000 working capital deficit. Liquidity risk continues to be a key concern in the development of future operations and the success of its investments.

Foreign Exchange Risk

The Company's functional currency is CAD. The Company is exposed to foreign currency risk through its operations in the United States. The risks and fluctuations are related to cash and accounts payable and accrued liabilities that are denominated in USD.

Analysis by currency in Canadian equivalent

December 31, 2014	Accounts Receivable	Account Payable	Cash
USD	**$** 149,000	$ 547,000	$ 34,000

The effect of a 10% strengthening of USD against CAD at the reporting date on the USD denominated trade receivables and payables carried at that date would, had all other variables held constant, have resulted in an increase in profit for the year and increase of net assets of $36,000. A 10% weakening in the exchange rate would, on the same basis, have decreased profit and decreased net assets by $36,000.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, a change in interest rates would not significantly affect results or the equity of the Company as all interest bearing financial instruments, other than bank indebtedness, are fixed-rate instruments.

25. Share Capital

Issued: 74,862,283 common shares as of December 31, 2014.

At its annual general meeting in October 2014, the shareholders of the Company approved an amendment to the articles of incorporation of the Company to remove the limit on the maximum number of common shares that the Company is authorized to issue. Prior to this amendment, the Company was authorized to issue up to 100,000,000 common shares.

During the year ended December 31, 2014, the Company issued common shares as follows:

1. On January 8, 2014, the Company issued 300,000 common shares at a price of $0.15 per share relating to $45,000 of unissued shares at December 31, 2013 which was the result of the settlement of consulting fees payable to an unrelated party;

2. On July 1, 2014, the Company issued 5,500,000 common shares at a price of $0.195 per share in connection with the acquisition of Impact Mobile (see Note 9 above);

3. On July 17, 2014, the Company issued 100,000 common shares relating to the conversion of $20,000 of convertible debentures at a price of $0.20 per share;

4. On August 6, 2014 the Company issued 125,000 common shares relating to the conversion of $25,000 of convertible debentures at a price of $0.20 per share;

5. On August 11, 2014, the Company issued 200,000 common shares relating to the conversion of $40,000 of convertible debentures at a price of $0.20 per share;

6. On December 31, 2014, the Company issued 9,775,000 common shares relating to the conversion of $1,955,000 of convertible debentures; and

7. On December 31, 2014, the Company issued 586,500 common shares relating to the six months of additional interest offered to holders of the convertible debentures as an incentive to convert on or before December 31, 2014 (see Note 13 above).

As of December 31, 2014, the issued common shares included 1,500,000 common shares that have been retained and are being held in escrow by the Company for three executives of Impact Mobile pursuant to the Share Purchase Agreement dated June 5, 2014 between the Company and Impact Mobile. These retention shares will be paid to these executive in three equal instalments over the first, second and third anniversary date following the closing of the transaction regardless of whether they are employees of the Company, and if not, regardless of the terms of separation.

During the year ended December 31, 2013 the Company issued common shares as follows:

1. The Company issued 160,000 common shares upon the exercise of warrants valued at $0.10 per share for proceeds of $16,000.

2. The Company issued 138,966 common shares valued at $0.18 in settlement of $25,000 in consulting fees payable.

a) Stock Options

The Company awards stock options to employees, officers, directors and others at the recommendation of the Board of Directors under an incentive stock plan (the "Plan"). Options are granted at the fair market value of the shares on the day granted (as decided by the board of directors), and vest over various terms with a varying terms of exercise. Compensation expense is recognized over the vesting terms.

The following is a continuity schedule of outstanding options for the reporting periods:

	December 31, 2014			December 31, 2013		
	No. of Options		**Weighted Average Exercise Price ("WAEP")**	No. of Options		Weighted Average Exercise Price ("WAEP")
Beginning of year	**3,475,000**	**$**	**0.275**	**3,475,000**	**$**	**0.275**
Issued	**909,700**		**0.275**	**-**		**-**
Expired	**-**		**-**	**-**		**-**
End of year	**4,384,700**	**$**	**0.275**	**3,475,000**	$	**0.275**

On February 11, 2014, the Company granted a total of 360,000 stock options with a two-year term to an investor relations firm, of which 90,000 vested immediately, 90,000 vested on May 11, 2014, 90,000 vested on August 11, 2014 and 90,000 will vest on February 11, 2015. These options expire 30 days after the termination of the contract between the firm and the Company. Subsequent to year-end, the contract with this firm was terminated on January 31, 2015 and the options expired on March 2, 2015.

The fair value of the 360,000 options granted on February 11, 2014 was estimated to be $41,000 on the date of grant using the Black Scholes option-pricing model with the following assumptions at the measurement date:

Risk-free interest rate	1.01%
Share price at issuance	$0.20
Exercise price	$0.275
Expected life	2.0 years
Estimated volatility in the market price of the common shares	126%
Dividend yield	Nil

On July 31, 2014, the Company granted a total of 549,700 stock options with a three-year term, of which 274,850 vested immediately, 137,425 will vest on July 31, 2015 and 137,425 will vest on July 31, 2016.

The fair value of the 549,700 options granted on July 31, 2014 was estimated to be $76,000 on the date of grant using the Black Scholes option-pricing model with the following assumptions at the measurement date:

Risk-free interest rate	1.13%
Share price at issuance	$0.20
Exercise price	$0.275
Expected life	3.0 years
Estimated volatility in the market price of the common shares	126%
Dividend yield	Nil

The following is a schedule of exercisable options at December 31, 2014:

	Number Exercisable	Remaining Contractual Life	Expiry Date
	3,475,000	0.9 years	December 11, 2015
	270,000	1.1 years	February 10, 2016
	274,850	2.6 years	July 31, 2017
Total:	4,019,850	1.0 year (avg)	

Option pricing models require the input of certain assumptions including the expected price volatility. Changes in the input assumptions can materially affect the fair value of the Company's stock options.

The fair value of the stock options vested for the year ended December 31, 2014 was $196,000 ($328,000 in 2013) and this amount was included in selling and administrative expenses.

b) Warrants

The following is a continuity schedule of outstanding warrants for the periods ended December 31, 2014 and 2013:

	December 31, 2014		December 31, 2013	
	No. of Warrants	**WAEP**	No. of Warrants	WAEP
Beginning of period	**-**	**$ -**	160,000	$ 0.10
Granted	**12,122,900**	**0.30**	-	-
Exercised	**-**	**-**	(160,000)	(0.10)
Expired	**-**	**-**	-	-
End of period	**12,122,900**	**$ 0.30**	-	$ -

During the year ended December 31, 2013, warrants to purchase 160,000 common shares were exercised at $0.10 for proceeds of $16,000.

During the year ended December 30, 2014, the Company had the following transactions involving warrants:

1. On May 23, 2014, the Company issued 1,000,000 warrants at an exercise price of $0.29 with an expiration of 2 years in relation to the secured revolving loan (see Note 14). The fair value of the warrants granted on May 23, 2014 was estimated to be $133,000 using the residual method as described above.

2. On July 2, 2014, the Company issued 300,000 warrants at an exercise price of $0.29 with an expiration of 2 years in relation to the ST Debentures (see Note 13). The fair value of the warrants granted on July 2, 2014 was estimated to be $8,000 using the residual method as described above.

3. On July 29, 2014, the Company issued 1,047,900 warrants at an exercise price of $0.30 with an expiration of 2 years in relation to the Secured Debentures (see Note 13). The fair value of the warrants granted on July 29, 2014 was estimated to be $15,000 using the residual method as described above.

4. On December 31, 2014, the Company issued 9,775,000 warrants at an exercise price of $0.30 with an expiration of 1.5 years in relation to the conversion incentive offered to holders of the Company's convertible debentures (see Note 13). The fair value of the warrants granted on December 31, 2014 was estimated to be $687,000 using the Black Scholes pricing model with the following assumptions on the date of issue:

Exercise price	$0.30
Share price at issuance	$0.18
Risk-free interest rate	1.01%
Expected life	1.5 years
Estimated volatility in the market price of the common shares	117%
Dividend yield	Nil

The following is a schedule of exercisable common share purchase warrants at December 31, 2014:

Number Exercisable	Exercise Price	Remaining Contractual Life	Expiry Date
1,000,000	$0.29	1.4 years	May 23, 2016
300,000	$0.29	1.5 years	July 2, 2016
1,047,900	$0.30	1.6 years	July 29, 2016
9,775,000	$0.30	1.5 years	June 30, 2016

c) Contributed Surplus

During the year ended December 31, 2014, the following amounts impacted Contributed Surplus:

1. Added $196,000 to Contributed Surplus representing the fair value of stock options issued and vested.

2. Added $843,000 to Contributed Surplus representing the fair value of warrants issued during the year.

3. Deducted $90,000 from Contributed Surplus representing the value of the equity component initially recognized at issuance for the convertible debentures which were converted to equity in the year ended December 31, 2014.

During the year ended December 31, 2013, the following amounts impacted Contributed Surplus (as restated- see Note 4):

1. Deducted $6,000 to contributed surplus representing the fair value of the warrants exercised.

2. Added $94,000 to contributed surplus representing the equity portion of convertible debentures issued in the year.

3. Added $328,000 to contributed surplus representing the fair value of stock options issued and vested.

d) Shares To Be Issued

On December 31, 2014, the Company had a $13,750 unissued share liability related to a settlement with an unsecured creditor. The shares were issued on February 12, 2015.

On December 31, 2013, the Company had a $45,000 unissued share liability related to a settlement with an unsecured creditor. The shares were issued on January 8, 2014.

26. Related Party Transactions

Apart from the transactions disclosed elsewhere in the consolidated financial statements, all transactions are in the normal course of business and are recorded at the fair value. Inter-company transactions and balances are eliminated upon consolidation.

Key management of the Company consists of members of the Board of Directors and Officers of the Company. Their compensation includes the following expenses:

	December 31, 2014	December 31, 2013
Management and Director Fees	$ **876,000**	$ 461,000
Other short term benefits (vehicles)	**40,000**	24,000
Share based compensation (stock options)	**58,000**	135,000
	$ **974,000**	$ 620,000

Subsequent to the Company's acquisition of OCCGI in 2012, the Company agreed to provide one of the selling shareholders of OCCGI who assumed a management role with the Company compensation equal to 20% of the earnings before interest, tax, depreciation and amortization ("EBITDA") of OCCGI on a quarterly basis for services to be rendered up to $400,000. For the period from the date of acquisition (May 24, 2012) to December 31, 2012, and the year-end December 31, 2013, this executive elected to forego any and all entitlements to earn-out payments for those respective periods. Accordingly, the Company did not accrue or pay any amounts for those periods.

For the year ended December 31, 2014, the Company accrued $138,000 which was included in the due to related parties balance as of December 31, 2014.

27. Capital Disclosures

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the development of its investments and to identify and evaluate other development stage opportunities. To secure the additional capital necessary to pursue these plans, the Company is attempting to raise additional funds through the issuance of equity or debt instruments.

The Company includes equity, and debentures and notes payable in the definition of capital.

The Company is not subject to externally imposed capital requirements.

28. Supplemental Cash Flow Disclosure

During the year ended December 31, 2014 and the year ended December 31, 2013, the Company received income tax refunds of $805,000 and $nil, respectively.

During the year ended December 31, 2014, the Company had the following non-monetary investing and financing transactions:

1. On January 8, 2014, the Company issued 300,000 common shares at $0.15 to an unrelated party to settle a payable of $60,000 resulting in a gain on settlement of $15,000.

2. On July 1, 2014, the Company issued 5,500,000 common shares at a price of $0.195 per share in connection with the acquisition of Impact Mobile (see Note 9);

3. On July 17, 2014, the Company issued 100,000 common shares relating to the conversion of $20,000 of convertible debentures at a price of $0.20 per share (see Note 13 and 25);

4. On August 6, 2014 the Company issued 125,000 common shares relating to the conversion of $25,000 of convertible debentures at a price of $0.20 per share. (see Note 13 and 25);

5. On August 13, 2014, the Company issued 200,000 common shares relating to the conversion of $40,000 of convertible debentures at a price of $0.20 per share. (see Note 13 and 25); and

6. On December 31, 2014, the Company issued 10,361,500 common shares relating to the conversion of $1,955,000 of convertible debentures at a price of $0.20 per share (see Note 13 and 25).

During the year ended December 31, 2013, the Company had the following non-monetary investing and financing transactions:

1. The Company issued $37,000 of convertible debentures to settle $49,000 of fees owing to related parties;

2. The Company issued $85,000 of convertible debentures to settle $85,000 of fees owing to unrelated parties;

3. The Company issued 138,966 common shares valued at $25,000 to settle $25,000 in consulting fees payable to an unrelated party; and

4. The Company agreed to settle $20,000 of consulting fees payable to an unrelated party with 300,000 common shares. The shares were unissued at December 31, 2013 and were subsequently issued on January 8, 2014.

29. Reportable Segment Information

The Company currently operates in three reportable segments namely, Live Engagement BPO services, Mobile Engagement Services and Consumer Financing.

The Live Engagement BPO services segment operates in Canada and the United States providing outsourced services such as inbound customer service programs, outbound customer acquisition services, data entry and transcription services, and back office services.

The Mobile Engagement services segment operates in Canada and the United States providing end-to-end mobile marketing solutions allowing businesses to interact directly with mobile subscribers.

The Consumer Financing segment operates solely in Canada and provides financing solutions to a network of HVAC dealers.

a) Segment Revenues and Expenses

Year Ended December 31, 2014

	BPO	Consumer Financing	Mobile Engagement	Corporate	Total
Revenue	$ 7,449,000	$ 13,000	$ 2,428,000	$ -	$ 9,890,000
COGS	4,747,000	34,000	599,000	-	5,380,000
Expenses	2,819,000	796,000	1,588,000	3,882,000	9,085,000
Profit (Loss)	$ (117,000)	$ (817,000)	$ 241,000	$ (3,882,000)	$ (4,575,000)

Year Ended December 31, 2013- Restated See Note 4

	BPO	Consumer Financing	Mobile Engagement	Corporate	Total
Revenue	$ 4,649,000	$ -	$ -	$ -	$ 4,649,000
COGS	2,941,000	-	-	-	2,941,000
Expenses	2,010,000	21,000	-	2,132,000	4,163,000
Profit (Loss)	$ (302,000)	$ (21,000)	$ -	$ (2,132,000)	$ (2,455,000)

For the year ended December 31, 2014, 50% of the Company's Live Engagement BPO services revenues were to one customer, with the second largest customer representing 14% of BPO services revenues. For Mobile Engagement Services revenues, four customers that ranged from 11% to 19% of sales combined for 54% of total sales.

b) Segment Assets and Liabilities

Year Ended December 31, 2014

	BPO	Consumer Financing	Mobile Engagement	Corporate	Total
Current Assets	$ 1,448,000	$ 302,000	$ 1,211,000	$ 210,000	$ 3,171,000
Property, Plant and Equipment	298,000	152,000	177,000	2,000	629,000
Intangibles	551,000	-	57,000	-	608,000
Goodwill	1,342,000	-	521,000	-	1,863,000
Current Liabilities	2,199,000	409,000	1,244,000	4,303,000	8,155,000
Finance lease obligations	-	-	67,000	-	67,000
Secured Revolving Loan	-	127,000	-	-	127,000

Year Ended December 31, 2013- Restated See Note 4

	BPO	Consumer Financing	Mobile Engagement	Corporate	Total
Current Assets	$ 814,000	$ 91,000	$ -	$ 254,000	$ 1,159,000
Property, Plant and Equipment	407,000	1,000	-	8,000	416,000
Intangibles	817,000	236,000	-		1,053,000
Goodwill	1,342,000	-	-	-	1,342,000
Current Liabilities	1,947,000	133,000	-	1,201,000	3,281,000
Long-term payables	83,000	-	-	-	83,000
Debentures and notes	17,000	-	-	2,383,000	2,400,000

c) Geographical Information

The Live Engagement BPO services and Mobile Engagement services segments operates both in the United States and Canada. The HVAC services segment operates only in Canada.

At December 31, 2014 and 2013, total revenues by geographic location are as follows:

	December 31, 2014	December 31, 2013 Restated See Note 4
Canada	$ 4,463,000	$ 2,357,000
United States	5,427,000	2,292,000
	$ 9,890,000	$ 4,649,000

At December 31, 2014 and December 31, 2013, total assets by geographic location are as follows:

	December 31, 2014	December 31, 2013 Restated See Note 4
Canada	$ 5,709,000	$ 3,359,000
United States	562,000	611,000
	$ 6,271,000	$ 3,970,000

30. Subsequent Events

On January 22, 2015, the Company received additional conversion notices for the conversion of $185,000 of the Company's outstanding convertible debentures which mature in December 2015. The Company agreed to extend the conversion incentive offered to holders as described above in Note 13 to these holders. As a result the Company issued 925,000 common shares. In addition, as part of the incentive offered to holders, the Company issued 925,000 common share purchase warrants with an exercise price of $0.30 and a term of 18 months, and 55,500 common shares equivalent to six months of interest.

On February 12, 2015, the Company closed the first tranche of a private placement that was announced on November 25, 2014. The first closing resulted in the issuance of 13,205,309 Units, consisting of 13,205,309 Common Shares and 13,205,309 Warrants. As consideration for the Units issued in this closing, the Company received subscriptions consisting of $1,079,762 in cash and $1,429,250 from the settlement of various liabilities owing by the Company. The total consideration received in cash and settlement of various liabilities of the Company for this first tranche was $2,509,012.

On March 12, 2015, ODFSI closed the first tranche of senior secured debentures. The first closing consisted of a single subscription for $3,000,000 with the option by the investor to invest up to $50,000,000 under the offering. The senior secured debentures mature on March 12, 2018 and bear interest at the rate of the three month Canadian

Dealer Offered Rate ("CDOR") plus 10%, or 12%, per annum, whichever is greater. A portion of the funds received ($250,000) was used immediately to repay the amount outstanding on the revolving loan facility. ODFSI also paid a pre-payment fee of $75,000 to the of the revolving loan facility to terminate the facility 14 months prior to maturity.

On March 13, 2015, the Company closed the second tranche of its private placement that was announced on November 25, 2014. The closing resulted in the issuance of 2,919,945 Units, consisting of 2,919,945 Common Shares and 2,919,945 Warrants. As consideration for the Units issued in this closing, the Company received subscriptions of $128,090 in cash and $426,700 from settlement of various liabilities owing by the Company totaling $476,700.

On March 10, 2015, the Company entered into a lease extension with the landlord of one of the Company's existing leased facilities starting on June 1, 2015. Additionally, on April 1, 2015, the Company commenced a new 10 year lease with the landlord of one of the Company's existing leased facilities.

On April 17, 2015, in accordance with the terms of the Company's stock option plan, the Company announced the issuance of an aggregate of 1,950,000 stock options to officers, employees and consultants of the Company. The options will vest over two years and will be exercisable for a period of three years at an exercise price of $0.23 per stock options.