ACT360 SOLUTIONS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2014 AND 2013

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ACT360 Solutions Ltd.

We have audited the accompanying consolidated financial statements of ACT360 Solutions Ltd. which comprise the consolidated statements of financial position as at September 30, 2014 and 2013 and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising 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.

Auditors' 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 our 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, we consider 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.

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 ACT360 Solutions Ltd. as at September 30, 2014 and 2013, and its financial performance and cash flows for the years then ended 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 the existence of a material uncertainty that may cast significant doubt on the ability of ACT360 Solutions Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
December 19, 2014

ACT360 SOLUTIONS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2014 AND 2013

(Expressed in Canadian dollars)

	2014 $	2013 $
ASSETS		
Current		
Cash	408,135	232,690
Accounts receivable	74,325	154,524
Prepaid expenses and other assets	53,498	10,485
	535,958	397,699
EQUIPMENT (Note 4)	4,873	4,222
	540,831	401,921
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	138,866	106,286
Unearned revenue	43,352	2,147
	182,218	108,433
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,608,643	1,292,412
Contributed surplus	78,163	73,837
Deficit	(1,328,193)	(1,072,761)
	358,613	293,488
	540,831	401,921

Nature of Operations and Going Concern (Note 1)
Commitments (Note 9)

APPROVED ON BEHALF OF THE BOARD ON DECEMBER 17, 2014

/s/ "Ronald Erdman"
Ronald Erdman, Director

/s/ "Vincent Wong"
Vincent Wong, Director

ACT360 SOLUTIONS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Canadian dollars)

	2014 $	2013 $
SALES	1,066,497	1,153,853
EXPENSES		
Accounting and legal	79,513	72,126
Depreciation (Note 4)	2,046	1,601
Regulatory and filing fees	19,437	21,509
Selling, office and general	974,075	735,762
Share-based payments (Note 6 and 7)	4,326	30,441
Wages and benefits (Note 7)	244,257	215,101
	(1,323,654)	(1,076,540)
INCOME (LOSS) BEFORE OTHER ITEM	(257,157)	77,313
OTHER ITEM		
Interest income	1,725	1,143
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(255,432)	78,456
EARNINGS (LOSS) PER COMMON SHARE		
Basic and diluted	(0.01)	0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic and diluted	22,165,357	20,089,467

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

ACT360 SOLUTIONS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Canadian dollars)

	2014 $	2013 $
OPERATING ACTIVITIES		
Net income (loss)	(255,432)	78,456
Items not affecting cash:		
Depreciation	2,046	1,601
Bad debt expense	452	360
Share-based payments	4,326	30,441
	(248,608)	110,858
Changes in non-cash working capital items:		
Accounts receivable	79,747	(83,667)
Prepaid expenses and other assets	(43,013)	(3,685)
Accounts payable and accrued liabilities	32,580	16,890
Unearned revenue	41,205	155
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(138,089)	40,551
FINANCING ACTIVITIES		
Proceeds on issuance of common shares for warrants exercised	320,000	-
Share issuance costs	(3,769)	-
CASH PROVIDED BY FINANCING ACTIVITIES	316,231	-
INVESTING ACTIVITIES		
Purchase of equipment	(2,697)	(4,344)
CASH USED IN INVESTING ACTIVITIES	(2,697)	(4,344)
INCREASE IN CASH	175,445	36,207
CASH – BEGINNING OF THE YEAR	232,690	196,483
CASH– ENDING OF THE YEAR	408,135	232,690
SUPPLEMENTAL INFORMATION		
Interest paid	-	-
Income tax paid	-	-

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

ACT360 SOLUTIONS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Canadian dollars)

	Number of Common Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
As at October 1, 2012	20,089,467	$ 1,292,412	$ 43,396	$ (1,151,217)	$ 184,591
Share based payments	–	–	30,441	–	30,441
Net income for the year	–	–	–	78,456	78,456
As at September 30, 2013	20,089,467	1,292,412	73,837	(1,072,761)	293,488
Share based payments	–	–	4,326	–	4,326
Common shares issued on exercise of warrants	3,200,000	316,231	–	–	316,231
Net loss for the year	–	–	–	(255,432)	(255,432)
As at September 30, 2014	23,289,467	$ 1,608,643	$ 78,163	$ (1,328,193)	$ 358,613

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS AND GOING CONCERN

ACT360 Solutions Ltd. (the “Company”) is incorporated under the provisions of the Company Act of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business activity consists of providing internet-based training applications and services. The address of the Company’s corporate office and its principal place of business is 1116-207 West Hastings Street, Vancouver, BC, V6B 1H7.

These consolidated financial statements have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company incurred a net loss of $255,432 for the year ended September 30, 2014 and has an accumulated deficit of $1,328,193 since inception. The Company’s ability to continue as a going concern is dependent on obtaining additional financing through the issuance of equity or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors form a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, ACT360 Media Ltd., which was incorporated in Canada. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

d) Presentation and Functional Currency

These consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company and its wholly-owned subsidiary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgements - The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates relate to estimated useful lives of equipment subject to depreciation, the recognition of deferred income tax assets and liabilities, and the valuation of share-based payment expenses. Actual results could differ from these estimates.

Critical judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are revenue recognition under the percentage of completion method, the assessment of the Company's ability to continue as a going concern and the recoverability of tax losses carried forward.

Foreign currency translation - The Company's consolidated financial statements are expressed in Canadian dollars. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange at the reporting date of the statement of financial position. Revenues and expenses are translated at the rates of exchange in effect on the dates of the related transactions. Non-monetary assets and liabilities are translated at the historical rates in effect when the assets were acquired or liabilities incurred. Exchange gains and losses arising on translation are included in determining current earnings.

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. The Company did not have any cash equivalents at September 30, 2014 and 2013.

Equipment - Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	20%
Computer equipment	33%
Computer software	50%

Leases - Leases are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and risks incidental to the ownership of equipment are classified as finance leases. At the inception of a finance lease, the equipment and respective obligation are recorded at their fair value. Equipment under finance leases are amortized on a straight-line basis over the term of the lease, which approximates the equipment's estimated useful life. All other leases are classified as operating leases.

Long-lived assets and impairment - The Company evaluates, on an ongoing basis, the carrying value of equipment and other assets, for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived assets and impairment (continued) - The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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 asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that 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 or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Share issuance costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Income taxes - The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred income tax assets are recognized to the extent that management has determined it is probable to be realized.

Revenue recognition

a) Internet applications

Revenues for internet applications are recorded when a customer or direct user requests activation of a user account for one or more of the Company's products and collection is probable.

b) Custom software development

The Company develops and hosts software products for customers. Revenues from the development of custom software products is recognized by the stage of completion of the arrangement determined using the percentage of completion method or as such services are performed as appropriate in the circumstances. The revenue and profit of contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably, the amount of revenue recognized is limited to the cost incurred in the period. Losses on contracts are recognized as soon as a loss is foreseen by reference to the estimated costs of completion. Hosting revenues are recorded on a monthly basis if collection is probable.

c) Student marketing services

The Company sells marketing information to higher education institutions. Revenues are recorded when the customer accepts the marketing information and collection is probable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments - The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

Earnings (Loss) per share - The Company uses the treasury stock method in computing earnings (loss) per share. Under this method, basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the-money stock options and warrants. For the years presented, the existence of stock options affects the calculation of loss per share on a fully diluted basis.

Development costs – Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not yet capitalized any product development costs.

Financial instruments - All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts receivable, accounts payable and finance lease obligations. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has recognized its cash at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income. The Company has classified its accounts receivable as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method. The Company has not classified any financial assets as held to maturity or as available for sale.

b) Financial liabilities

The Company has recognized its accounts payable as other financial liabilities. Accounts payable are recognized at the amount required to be paid, less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards adopted effective October 1, 2013 - The mandatory adoption of the following new and revised accounting standards and interpretations on October 1, 2013 had no significant impact on the Company's consolidated financial statements for the years presented:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

IAS 1 *Presentation of Financial Statements* - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 32 *Financial Instruments: Presentation* - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with a corresponding amendment to IFRS 7.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards issued but not yet effective - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after October 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company’s management is currently evaluating any impact that the standards noted below may have on the Company’s consolidated financial statements and this assessment has not yet been finished.

IAS 36 *Impairment of Assets* - In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset’s or a CGU’s recoverable amount is based on fair value less costs of disposal. The standard is effective for the Company’s fiscal year beginning on October 1, 2014.

IFRIC 21 *Levies* - In May 2013, the IASB issued IFRIC 21, Levies (“IFRIC 21”), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The standard is effective for the Company’s fiscal year beginning on October 1, 2014.

IFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 9 *Financial Instruments* The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018.

(Expressed in Canadian dollars)

4. EQUIPMENT

Cost	**Computer Equipment**	**Computer Software**	**Furniture and Fixtures**	**Total**
As at September 30, 2013	$ 131,481	$ 55,145	$ 16,819	$ 203,445
Additions	2,697	–	–	2,697
As at September 30, 2014	$ 134,178	$ 55,145	$ 16,819	$ 206,142
Accumulated Depreciation				
As at September 30, 2013	$ 128,658	$ 55,145	$ 15,420	$ 199,223
Depreciation	1,669	–	377	2,046
As at September 30, 2014	$ 130,327	$ 55,145	$ 15,797	$ 201,269
Carrying Amounts				
Balance, September 30, 2013	$ 2,823	$ –	$ 1,399	$ 4,222
Balance, September 30, 2014	$ 3,851	$ –	$ 1,022	$ 4,873

5. SHARE CAPITAL

The Company has authorized share capital of 100,000,000 common shares without par value and 100,000,000 preferred shares without par value. The issued share capital consists only of common shares. Disclosures on any common shares issued are provided in the Statements of Changes in Shareholders' Equity.

6. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan for directors, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding shares at the time the options are granted. The exercise price of each option is determined by the Board, subject to the pricing policies of the TSX Venture Exchange.

During the year ended September 30, 2014, the Company granted 200,000 stock options exercisable at $0.15 to consultants for the provision of services. The options will vest as to 25% every three months since the grant date and will expire on May 31, 2015. On the grant date the fair value of the options was determined to be $5,465 with a weighted average fair value of $0.03 per option, of which $4,326 was recognized in 2014.

The fair values of the options granted during the period were determined using the Black-Scholes pricing model, using the following weighted average assumptions:

	2014	2013
Share price at grant date	$0.09	$0.07
Risk free interest rate	0.94%	1.43%
Expected dividend yield	0%	0%
Expected stock price volatility	116%	148%
Expected life of options	1 year	5 years

(Expressed in Canadian dollars)

6. STOCK OPTIONS AND WARRANTS (continued)

Stock options transactions are summarized as follows:

	Number of shares	Weighted Average Exercise Price $
Outstanding, October 1, 2012	1,165,000	0.10
Granted	470,000	0.10
Forfeited	(300,000)	0.10
Outstanding, September 30, 2013	1,335,000	0.10
Granted	200,000	0.15
Outstanding, September 30, 2014	1,535,000	0.11

As at September 30, 2014, the weighted average remaining life of stock options outstanding was 1.64 years.

The following table summarizes the information about stock options outstanding and exercisable at September 30, 2014:

Number Outstanding and Exercisable	Exercise Price Per Share	Expiry Date
470,000	$ 0.10	January 21, 2018
240,000	$ 0.10	August 30, 2015
100,000	$ 0.10	February 28, 2016
525,000	$ 0.10	August 24, 2015
200,000	$ 0.15	May 31, 2015
1,535,000		

Warrants

During the year ended September 30, 2012, the Company completed a private placement of 4,000,000 units of the Company at a price of $0.05 per unit. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitled the holder to purchase one common share of the Company at an exercise price of $0.10 until March 19, 2014. During the year ended September 30, 2014, 3,200,000 warrants were exercised for gross proceeds of $320,000 and 800,000 warrants expired unexercised.

The following table summarizes the warrant transactions to September 30, 2014:

	Number of Warrants	**Weighted Average Exercise Price**
Outstanding, September 30, 2012 and 2013	4,000,000	$ 0.10
Exercised	(3,200,000)	0.10
Expired	(800,000)	0.10
Outstanding, September 30, 2014	-	$ -

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

The remuneration of the Company's directors and other key management was as follows:

	2014	2013
Director's fees	$ 13,333	–
Management salary	$ 97,893	$ 87,300

At September 30, 2014, the Company owed $ 4,060 (2013 - $7,030) to the Chief Executive Officer of the Company which is included in accounts payable and is non-interest bearing, unsecured and due on demand.

During the year ended September 30, 2014, no stock options or share-based payments were issued to certain directors and officers.

During fiscal 2013 certain directors and officers received share-based payments on the grant of stock options valued at $30,411.

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2014	2013
Canadian statutory income tax rate	26.0%	25.5%
Expected income tax expense (recovery)	$ (66,412)	$ 20,007
Non-deductible expenses and others	904	8,473
Change in income tax rates	–	(9,374)
Other differences	–	559
Expiry of losses	49,573	–
Change in unrecognized deferred income tax assets	15,935	(19,665)
Income tax recovery	$ –	$ –

Significant components of the Company's potential deferred income tax assets are as follows:

	2014	2013
Non-capital losses	$ 212,184	196,702
Share issuance costs and others	2,511	2,591
Equipment	15,932	15,399
	230,627	214,692
Unrecognized deferred income tax assets	(230,627)	(214,692)
Net deferred income tax assets	$ –	$ –

Based upon the level of historical taxable income and projections for future taxable income over the years in which the potential deferred tax assets are deductible, management has not recognized any deferred income tax assets.

(Expressed in Canadian dollars)

8. INCOME TAXES (continued)

Subject to certain restrictions, the Company has non-capital losses of $815,000 (2013 - $756,000) available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2015	100,000
2026	136,000
2027	97,000
2029	55,000
2030	72,000
2031	43,000
2033	62,000
2034	250,000
	$ 815,000

The application of non-capital losses against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

9. COMMITMENTS

Due to the nature of its operations, the Company is committed to e-mails and data storage, royalty licensing, contractual phone, internet connectivity services and consulting services during the current and next fiscal year. The Company is committed to minimum lease payments of $156,609 for fiscal 2015, $120,000 for fiscal 2016, and $30,000 for fiscal 2017.

10. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares and contributed surplus of $1,686,806 (2013 - $1,366,249). The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, and to have sufficient capital to archive and the development and maintenance of profitable operations to provide returns for shareholders and benefits for other stakeholders.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification

The Company has classified its cash as fair value through profit or loss and its accounts receivable as loans and receivable. Accounts payable are classified as other financial liabilities.

The following table summarizes information regarding the carrying values of the Company’s financial instruments:

	2014	2013
Fair value through profit or loss (i)	$ 408,135	$ 232,690
Loans and receivables (ii)	74,325	154,524
Other financial liabilities (iii)	80,909	74,041

(i) Cash
(ii) Accounts receivable
(iii) Accounts payable

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value

As at September 30, 2014 the Company's financial instruments consist of cash, accounts receivable and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial assets and liabilities as of September 30, 2014 were calculated as follows:

	Balance at September 30, 2014	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
	$	$	$	$
Financial Assets:				
Cash	408,135	408,135	–	–

Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. To minimize its credit risk, the Company maintains substantially all of its cash with high quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. The Company's two (2013 - four) largest customer accounts comprise 69% (2013 - 75%) of accounts receivable.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (continued)

The following table provides information regarding the aging of accounts receivable that are past due but which are not impaired as at September 30, 2014:

	Neither past due nor impaired	31-60 days	61-90 days	91 days +	Carrying value at September 30, 2014
Trade accounts receivable	$ 65,901	$ 2,642	$ 1,301	$ 4,481	$ 74,325

Of the 61 days and over balance outstanding at September 30, 2014, 56% has been subsequently collected as at December 17, 2014. Management believes the remaining balance is fully collectible.

Liquidity Risk - The Company manages liquidity risk through ongoing review of accounts receivable balances and by maintaining adequate cash balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand.

Foreign Exchange Risk - As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the United States dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 89% of the Company's revenues are denominated in United States dollars (2013 - 93%), while a significant amount of the Company's expenses are denominated in Canadian dollars. At September 30, 2014, a fluctuation of 10% in the currency exchange rate could result in a fluctuation of approximately $ 95,391 (2013 - $108,779) on the consolidated results of operations, based on US dollar account balances. The Company does not engage in any hedging activity.

The Company has completed a sensitivity analysis to estimate the impact on net loss for the year which a change in foreign exchange rates during the year ended September 30, 2014 would have had.

This sensitivity analysis includes the following assumptions:

- Changes in individual foreign exchange rates do not cause foreign exchange rates in other countries to alter

The results of the foreign exchange rate sensitivity analysis can be seen in the following table:

	2014	2013
Impact on net loss of a change of +/- 10% in US$ foreign exchange rate	+/- $10,500	+/- $23,000

The above results arise primarily as a result of the Company having US$ denominated trade accounts receivable balances and bank account balances.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Foreign Exchange Risk (continued)

The financial position of the Company may vary at the time that a change in the factor above occurs, causing the impact on the Company's results to differ from that shown above.

Interest Rate Risk - The Company's cash is subject to interest rate price risk. The Company's interest rate risk management policy is to place any amounts which are considered in excess of day-to-day requirements in interest bearing highly liquid investments with a term to maturity of three months or less on the date of purchase. The Company does not engage in any hedging activity.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices of the Company's products. The sale of these products may be affected by changes in competition, technology, foreign exchange rates and interest rates. The Company's ability to raise capital to fund development is also subject to risks associated with fluctuations in the market. Management closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. ECONOMIC DEPENDENCE

During the year ended September 30, 2014, approximately 50% (2013 - 50%) of the Company's sales were made to three (2013 - two) customers. The loss of a material amount of sales to any of these customers could have a material adverse effect on operations.

13. SEGMENT INFORMATION

The Company provides information about its segments based on the information disclosed to the Chief Executive Officer (CEO) to evaluate the performance of these segments. The CEO is the Chief Operating Decision Maker. The Company's operations are divided into four reporting segments described below. Each segment offers different products and services and is evaluated separately because they require different marketing strategies.

The Student Marketing Services segment provides student recruitment services to post-secondary education institutions. The Internet Applications segment focuses on the sales of educational products. The Custom Software Development segment focuses on the development of custom software products. The Other Activities segment includes website hosting services.

The Company evaluates the performance of each reportable segment based on revenue. The Company does not allocate the Company's assets, liabilities and operating expenses to the operating segments and this information is not reviewed by the CEO when evaluating a segment's performance.

		2014	2013
Student Marketing Services	$	556,797	654,425
Internet Applications		274,092	303,301
Custom Software Development		123,643	100,575
Other Activities		111,965	95,552
Consolidated revenue	$	1,066,497	1,153,853