Unaudited Condensed Consolidated Interim Financial Statements of

EQ INC.

(Formerly Cyberplex Inc.)

Three and six months ended June 30, 2013 and 2012

Notice of disclosure of non-auditor review of unaudited condensed consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2013 and 2012 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these unaudited condensed consolidated interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)

June 30, 2013 and December 31, 2012

	June 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 4,004	$ 5,419
Accounts receivable	1,540	2,425
Other current assets	264	303
Income tax recoverable	42	40
	5,850	8,187
Non-current assets:		
Investment	50	50
Property and equipment (note 9)	387	460
Domain properties and other intangible assets (note 10(a))	2,515	2,889
Goodwill (note 10(b))	377	357
	3,329	3,756
Total assets	$ 9,179	$ 11,943
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,120	$ 2,703
Deferred lease inducement	34	41
Finance leases	156	155
Deferred revenue	537	549
	2,847	3,448
Non-current liabilities:		
Finance leases	110	186
Deferred lease inducement	–	14
Deferred tax liabilities (note 7)	107	244
	217	444
Shareholders' equity (note 12)	6,115	8,051
Total liabilities and shareholders' equity	$ 9,179	$ 11,943

See accompanying notes to unaudited condensed consolidated interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Three and six months ended June 30, 2013 and 2012

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
		(Recast- note 2)		(Recast- note 2)
Revenue (note 3)	$ 1,909	$ 3,890	$ 3,546	$ 7,422
Expenses:				
Publishing and advertising costs	1,036	2,357	1,872	4,337
Employee compensation and benefits	858	1,301	1,894	2,759
Other operating expenses	621	929	1,349	1,835
Depreciation of property and equipment	70	66	145	151
Amortization of domain properties and other intangible assets	286	278	569	554
	2,871	4,931	5,829	9,636
Loss from operations	(962)	(1,041)	(2,283)	(2,214)
Finance income (note 6)	6	27	21	27
Finance cost (note 6)	(117)	(214)	(234)	(246)
	(111)	(187)	(213)	(219)
Loss before income taxes	(1,073)	(1,228)	(2,496)	(2,433)
Income taxes recovery (note 7):				
Current	–	52	–	52
Deferred	65	54	130	109
Loss for the period from continuing operations	(1,008)	(1,122)	(2,366)	(2,272)
Discontinued operation:				
Income for the period from discontinued operation, net of tax of nil (note 5)	–	7,377	–	5,129
Income (loss) for the period	(1,008)	6,255	(2,366)	2,857
Other comprehensive income:				
Foreign currency translation adjustments to equity, net of tax	213	261	394	160
Total comprehensive income (loss) for the period	$ (795)	$ 6,516	$ (1,972)	$ 3,017
Income (loss) per share (note 8):				
Basic and diluted	$ (0.06)	$ 0.39	$ (0.15)	$ 0.19
Loss per share from continuing operations (note 8):				
Basic and diluted	(0.06)	(0.07)	(0.15)	(0.14)

See accompanying notes to unaudited condensed consolidated interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

Six months ended June 30, 2013 and 2012

Six months ended June 30, 2013	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balances, January 1, 2013	126,858,304	$ 66,278	$ 2,338	$ (2,458)	$ (58,107)	$ 8,051
Loss for the period	–	–	–	–	(2,366)	(2,366)
Share-based payments (note 13)	–	–	36	–	–	36
Share consolidation (note 8)	(111,001,017)	–	–	–	–	–
Foreign currency translation adjustments to equity	–	–	–	394	–	394
Balances, June 30, 2013	15,857,287	$ 66,278	$ 2,374	$ (2,064)	$ (60,473)	$ 6,115

Six months ended June 30, 2012	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive (loss)	Deficit	Total equity
Balances, January 1, 2012	133,839,896	$ 65,452	$ 2,278	$ (2,389)	$ (59,669)	$ 5,672
Income for the period	–	–	–	–	2,857	2,857
Share-based payments (note 13)	–	–	(15)	–	–	(15)
Transfer of share purchase loans	–	1,185	–	–	–	1,185
Cancellation of common shares	(6,314,545)	(324)	–	–	–	(324)
Repurchase and cancellation of common shares	(165,442)	(10)	–	–	–	(10)
Foreign currency translation adjustments to equity	–	–	–	160	–	160
Balances, June 30, 2012	127,359,909	$ 66,303	$ 2,263	$ (2,229)	$ (56,812)	$ 9,525

See accompanying notes to unaudited condensed consolidated interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)

Six months ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		(Recast-note 2)
Income (loss) for the period	$ (2,366)	$ 2,857
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	145	418
Amortization of domain properties and other intangible assets	569	2,727
Amortization of deferred lease inducement	(20)	(45)
Share-based payment (note 13)	36	(15)
Foreign exchange loss (gain)	227	(34)
Finance cost, net	219	217
Deferred income tax recovery	(130)	(109)
Restructuring cost	–	221
Gain on sale of Tsavo (note 5)	–	(7,402)
Change in non-cash operating working capital (note 14)	278	(2,945)
Cash used in operating activities	(1,042)	(4,110)
Income taxes received	–	31
Net cash used in operating activities	(1,042)	(4,079)
Cash flows from financing activities:		
Repurchase of common shares under NCIB (note 12)	–	(10)
Repayment of finance leases	(76)	(30)
Interest paid	(15)	(272)
Net cash used in financing activities	(91)	(312)
Cash flows from investing activities:		
Interest income received	21	17
Net proceeds from sale of available-for-sale investments	–	200
Decrease in restricted cash and short-term investments	–	201
Proceeds on sale of Tsavo, net of cash disposed (note 5)	–	6,293
Additions to domain properties and other intangible assets	(26)	–
Additions to property and equipment	(50)	(208)
Net cash from (used in) investing activities	(55)	6,503
Foreign exchange gain (loss) on cash held in a foreign currency	(227)	34
Increase (decrease) in cash and cash equivalents	(1,415)	2,146
Cash and cash equivalents, beginning of period	5,419	4,050
Cash and cash equivalents, end of period	$ 4,004	$ 6,196

See accompanying notes to unaudited condensed consolidated interim financial statements.

1. Corporate information:

EQ Inc. (the "Company"), is a North American leader in data and analytics platforms for targeting mobile, social and online audiences and customer acquisition strategies. The Company uses advertising technology and marketing expertise to efficiently connect advertisers to their targeted audiences through online, mobile, and social media channels. By focusing on building targeted, loyal audiences, EQ Inc. delivers measurable results that improve advertiser return on investment ("ROI"). The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The address of the Company's registered office is 1255 Bay Street, Suite 400, Toronto, ON M5R 2A9. The Company is a publicly listed company on the Toronto Stock Exchange ("TSX").

On June 13, 2013, the Company changed its name which was previously “Cyberplex Inc.” to “EQ Inc.” The trading of the Company’s common shares continued on the Toronto Stock Exchange under the new symbol “EQ”, with the predecessor symbol being “CX.”

2. Basis of preparation:

(a) Statement of compliance and basis of presentation:

These unaudited condensed consolidated interim financial statements (the "interim financial statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2012 (the "2012 financial statements"). The accounting policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors authorized the statements for issue.

The notes presented in these interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the 2012 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on August 7, 2013.

2. Basis of preparation (continued):

These interim financial statements have been prepared mainly on a historical cost basis. Other measurement bases used are described in the applicable notes to these interim financial statements.

On April 24, 2012, the Company disposed of a material portion of its business (Tsavo) (note 5). The results of operations from this division have been presented and reclassified as discontinued operations in the unaudited condensed consolidated interim statements of comprehensive income (loss) for the three and six months ended June 30, 2013 and 2012. Note disclosures included in these interim financial statements relating to components of comprehensive income (loss) exclude balances from discontinued operations except where noted.

Recast of prior period financial information

Net income for the three and six months ended June 30, 2012 has been adjusted to correct for an error. The error was related to the forgiveness of intercompany payables as part of the Tsavo disposition. The correction resulted in an increase of $1,053 in the gain on sale of Tsavo previously recorded and a similar increase in the net income for the period. Accordingly, the unaudited condensed consolidated interim statements of comprehensive income, changes in equity cash flows for the three and six months ended June 30, 2012 have been adjusted for this correction.

	Previously Reported	Recast
Gain on the sale of discontinued operation		
Three and six months ended June 30, 2012	$6,349	$7,402
Net Income		
Three months ended June 30, 2012	$5,202	$6,255
Six months ended June 30, 2012	$1,804	$2,857
Earnings per share		
Basic and diluted – three months ended June 30, 2012	$0.32	$0.39
Basic and diluted – six months ended June 30, 2012	$0.08	$0.19

(b) Functional and presentation currencies:

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The Company's functional currency is the U.S. dollar. The Company has elected its presentation currency to be the Canadian dollar as it is listed on the TSX and its shareholders are primarily Canadian.

2. Basis of preparation (continued):

(c) Common shares consolidation:

On June 13, 2013, the Company announced the consolidation of all of the outstanding common shares of the Company. The common shares were consolidated on the basis of one new common share for eight existing common shares. Following the common share consolidation, the number of outstanding common shares of the Company was approximately 15,857,287. Subsequent to the share consolidation on June 19, 2013, the Company also began trading on the Toronto Stock Exchange under the new symbol “EQ” due to the name change.

(d) Significant accounting policies:

These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013.

- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosure of Interest in Other Entities*
- *IFRS 13, Fair Value Measurement*
- *Amendments to IAS 1, Presentation of Financial Statements*

The accounting standards and amendments to standards adopted by the Company that had an impact on financial results or require further explanation are explained as follows:

IFRS 10, Consolidated Financial Statements

As a result of the adoption of IFRS 10, the Company has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Company controls the investee on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10, the Company re-assessed the control conclusion for its investees at January 1, 2013. The Company made no changes as a result of this process in the current or comparative period.

IFRS 11, Joint Arrangements

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and

2. Basis of preparation (continued):

are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

The Company adopted IFRS 11 for the annual period beginning on January 1, 2013. IFRS 11 did not have a material impact on the condensed consolidated interim financial statements.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows.

The Company adopted IFRS 12 for the annual period beginning on January 1, 2013. The amendments did not have a material impact on the condensed consolidated interim financial statements.

IFRS 13, Fair Value Measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as 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, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other.

The Company adopted IFRS 13 prospectively in its interim and annual financial statements beginning on January 1, 2013. IFRS 13 did not have a material impact on the condensed consolidated interim financial statements other than the inclusion of certain fair value disclosures which were previously applicable to annual financial statements only.

Amendments to IAS 1, Presentation of Financial Statements

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit

2. Basis of preparation (continued):

or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged.

The Company adopted the amendments in its interim and annual financial statements for the annual period beginning on January 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, the new standard did not have a material impact on the condensed consolidated interim financial statements.

3. Revenue

The Company sub-classifies revenue into the following components: advertising and professional services revenue.

Advertising revenue is derived from the on-line network connecting advertisers and publishers to execute advertising. Professional services revenue is derived from consulting services which specialize developing and driving on-line business and advertising strategies for our clients.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Advertising	$ 1,340	$ 3,091	$ 2,344	$ 5,600
Professional Services	569	799	1,202	1,822
	$ 1,909	$ 3,890	$ 3,546	$ 7,422

4. Segment information:

The Company is organized and operates as one operating segment for purposes of making operating decisions and assessing performance. The chief operating decision makers evaluate performance, make operating decisions, and allocate resources based on financial data consistent with the presentation in these unaudited condensed consolidated interim financial statements.

The Company’s assets and operations are substantially all located in Canada; however, the Company services many customers in the United States and internationally.

4. Segment information (continued):

The Company generates revenue across three geographical regions, revenue by region is as follows:

	Three months ended June 30, 2013	2012	Six months ended June 30, 2013	2012
Canada	$ 861	$ 1,108	$ 1,627	$ 2,467
U.S.	998	2,651	1,838	4,589
Outside North America	50	131	81	366
	$ 1,909	$ 3,890	$ 3,546	$ 7,422

For the three months ended June 30, 2013, there were two clients that comprised of 27% and 10% of the Company's total revenue (from continuing operations) and one client comprised of 19% of the Company's total revenue for the same period in 2012. For the six months ended June 30, 2013, there were three clients that comprised of 22%, 11% and 10% of the Company's total revenue (from continuing operations). For the same period in 2012, one client made up 14% of the total revenue.

5. Discontinued operation:

On April 24, 2012, the Company reached an agreement to sell 100% of the shares of its subsidiary Orion Foundry (Canada) Inc. ("Tsavo") in a transaction valued at approximately $33,000. The Company received cash proceeds of $7,220, with additional defined payments totalling $100 was received following closing. The purchaser of Tsavo assumed the term loans owing to American Capital (successor by merger to America Capital Financial Services Inc.) of $24,338 as well as $530 of additional term loans owing by the Company. The Company also received certain domain properties and content related intangible assets valued at $150. As part of the transaction, 6,314,545 (789,318 common shares on a post-consolidated basis) common shares of the Company, which were held by current and former management of Tsavo, were returned to the Company for no consideration except for the transfer of related share purchase loans receivable of $1,185 to the purchaser. The comparative statement of comprehensive income (loss) has been reclassified to show results from discontinued operation separately from the continuing operations.

5. Discontinued operation (continued):

Results of the discontinued operation for the three and six months ended June 30, 2012 are as follows:

	Three months ended June 30, 2012	Six months ended June 30, 2012
Revenue	$ 3,561	$ 16,355
Expenses:		
Publishing and advertising costs	2,457	11,970
Employee compensation and benefits	289	2,007
Other operating expenses	365	1,478
Depreciation of property and equipment	51	267
Amortization of domain properties and other intangible assets	440	2,173
Restructuring costs		221
	3,602	18,116
Loss from operations	(41)	(1,761)
Finance income	(11)	(39)
Finance cost	134	690
Loss before income taxes	(164)	(2,412)
Current income tax recovery	139	139
Loss for the period, net of income tax	(25)	(2,273)
Gain on sale of discontinued operation (net of tax of nil)	7,402	7,402
Income for the period	$ 7,377	$ 5,129
Income per share:		
Basic and diluted	$ 0.47	$ 0.32

5. Discontinued operation (continued):

Cash flows from (used in) discontinued operation:

		2012
Net cash used in operating activities	$	(2,809)
Net cash from investing activities		42
Net cash used in financing activities		(234)
Net cash used in discontinued operation	$	(3,001)

Consideration received:

Consideration received from purchaser:		
Cash consideration received	$	7,220
Deferred sales proceeds		100
Promissory note assumed by purchaser		530
Intangible assets transferred to the Company		150
		8,000
Fair value of common shares returned and cancelled		324
Total consideration received on sale of Tsavo	$	8,324

Effect of disposal on the financial position of the group:

Cash and cash equivalents	$	927
Accounts receivable		8,406
Prepaid expenses		504
Other current assets		5,801
Restricted cash		2,156
Property and equipment		1,435
Intangible assets		15,534
Accounts payable and accrued liabilities		(10,339)
Income taxes payable		(171)
Current portion of deferred rent		(8)
Current portion of term loans		(6,757)
Long-term portion of term loans		(17,581)
Long-term portion of deferred rent		(57)
Net liabilities	$	(150)

5. Discontinued operation (continued):

Gain on disposal of Tsavo

Consideration received	$	8,324
Net liabilities of Tsavo disposed of		150
Promissory notes transferred to purchaser		200
Share purchase loans transferred		(1,185)
Transaction costs		(87)
Gain on disposal	$	7,402

Net cash inflow on disposal of Tsavo

Consideration received, satisfied in cash	$	7,220
Cash disposed of		(927)
Net cash inflow	$	6,293

6. Finance income and finance cost:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Finance income:				
Interest income on cash and cash equivalents and restricted cash	$ (6)	$ (17)	$ (21)	$ (17)
Other	–	(10)	–	(10)
Total finance income	(6)	(27)	(21)	(27)
Finance cost:				
Other interest expense	8	15	16	53
Foreign exchange loss, net	109	199	218	193
Total finance cost	117	214	234	246
Net finance cost recognized in profit or loss	$ 111	$ 187	$ 213	$ 219

7. Income taxes:

The Company recorded a deferred income tax recovery of $65 and $130 in the three and six months ended June 30, 2013 as compared to a deferred income tax recovery of $54 and $109 for the same periods in 2012. In 2012, there was also a current income tax recovery of $52 in the three and six months ended June 30, 2012. The income tax recoveries related to the reversal of a temporary difference on account of amortization of intangible assets recognized on acquisitions and the related deferred tax liability that was recorded at that time. The deferred tax liability is drawn down as that portion of the intangible asset value is amortized. No other deferred tax recovery on losses is recorded in comprehensive loss and will not be until, in the opinion of management, it is probable that the deferred tax assets will be realized.

8. Income (loss) per share:

On June 13, 2013, the Company announced the consolidation of all the outstanding common shares of the Company. The common shares were consolidated on the basis of one new common share for eight existing common shares. Following the common share consolidation, the number of outstanding common shares of the Company was approximately 15,857,287. Subsequent to the share consolidation on June 19, 2013, the Company also began trading on the Toronto Stock Exchange under the new symbol "EQ" due to the name change (note 1)

The computations for basic and diluted income (loss) per share for the three and six months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Income (loss) for the period	$ (1,008)	$ 6,255	$ (2,366)	$ 2,857
Loss for the period from continuing operations	(1,008)	(1,122)	(2,366)	(2,272)
Weighted average number of shares outstanding:				
Basic	15,857,287	16,145,184	15,857,287	16,437,586
Diluted	15,857,287	16,145,184	15,857,287	16,437,586
Income (loss) per share:				
Basic and diluted	$ (0.06)	$ 0.39	$ (0.15)	$ 0.19
Loss per share from continuing operations:				
Basic and diluted	(0.06)	(0.07)	(0.15)	(0.14)

The total number of anti-dilutive options that were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive for the three and six months ended June 30, 2013, were 1,059,787 (2012 – 424,377).

9. Property and equipment:

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance at January 1, 2013	$ 545	$ 2,595	$ 262	$ 3,402
Additions	–	53	–	53
Disposals	(4)	–	–	(4)
Effect of movements in exchange rates	93	280	34	407
Balance at June 30, 2013	$ 634	$ 2,928	$ 296	$ 3,858
Depreciation				
Balance at January 1, 2013	$ 539	$ 2,143	$ 260	$ 2,942
Depreciation for the period	1	142	2	145
Disposal	(1)	–	–	(1)
Effect of movements in exchange rates	95	256	34	385
Balance at June 30, 2013	$ 634	$ 2,541	$ 296	$ 3,471
Carrying amounts				
At December 31, 2012	6	452	2	460
At June 30, 2013	–	387	–	387

10. Domain properties and other intangible assets:

(a) Domain properties and other intangible assets by category are as follows:

	Customer relationships	Technology	Domain and content	Computer software	Total
Cost					
Balance at January 1, 2013	$ 17,994	$ 9,712	$ 7,719	$ 1,057	$ 36,482
Additions	–	–	–	51	51
Disposals	–	–	–	–	–
Effect of movements in exchange rates	31	191	66	52	340
Balance at June 30, 2013	$ 18,025	$ 9,903	$ 7,785	$ 1,160	$ 36,873
Amortization					
Balance at January 1, 2013	$ 17,669	$ 8,052	$ 6,820	$ 1,052	$ 33,593
Amortization for the period	55	425	86	3	569
Disposals	–	–	–	–	–
Effect of movements in exchange rates	15	112	18	51	196
Balance at June 30, 2013	$ 17,739	$ 8,589	$ 6,924	$ 1,106	$ 34,358
Carrying amounts					
At December 31, 2012	325	1,660	899	5	2,889
At June 30, 2013	286	1,314	861	54	2,515

(b) Goodwill:

.	Bootcamp Media	Total
Balance at January 1, 2013	$ 357	$ 357
Effect of movements in exchange rates	20	20
Balance at June 30, 2013	$ 377	$ 377

11. Bank credit facilities:

The Company has a revolving demand facility and credit card facility with a Canadian chartered bank, to be used for general operating requirements. As at June 30, 2013, nil amounts were outstanding under the revolving demand facility and there was $85 outstanding under the business credit card facility (2012 - $40) which is included in accounts payable. The aggregate of available borrowings under all facilities described below cannot exceed $1,000 at any time.

The revolving demand facility is up to $850 by way of Canadian and U.S. dollar currency loans. The facility bears interest at the bank's prime rate plus 2.35%. Borrowings outstanding under this facility plus a $150 business credit card allocation must not exceed 75% of accounts receivable with an aging less than 90 days, as defined in the new credit agreement. During Q2 2013, the Company renegotiated the revolving demand facility with the lender and under the amended credit agreement the Company is required to maintain certain financial and non-financial covenants and are secured by a general security interest in the Company assets. As of June 30, 2013 the Company was in compliance with the renegotiated financial and non-financial covenants.

12. Shareholders' equity:

(a) Common shares:

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

(b) Normal Course Issuer Bid ("NCIB"):

On April 24, 2012, the Company announced a NCIB under which it could purchase up to 11,913,232 (1,489,154 common shares on a post-consolidated basis) of its common shares, representing approximately 10% of the "public float" of common shares as of that date, commencing on May 14, 2012 for a period of one year. During the three and six months ended June 30, 2013, the Company did not repurchase and cancel any shares under the NCIB. During the fiscal year of 2012, 667,047 (83,380 common shares on a post-consolidated basis) common shares were repurchased and cancelled. The cost of $35 was recorded in common stock for the consideration paid for the common shares in 2012. The NCIB expired on May 13, 2013.

On November 14, 2012, the Company instituted an Automatic Share Purchase Plan in connection with the NCIB, whereby M Partners Inc. as broker is authorized and directed to effect stock purchases during the term of the NCIB subject to the price limits, maximum number of shares and other terms set forth in the Automatic Share Purchase Plan, all as approved by the TSX. The automatic share purchase plan expired as of May 13, 2013.

13. Share-based payments:

The following table summarizes the continuity of options issued under the Company's stock option plan:

	June 30, 2013		December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,109,104	$ 2.08	816,512	$ 4.90
Granted	–	–	831,250	0.80
Forfeited or cancelled	(49,312)	5.69	(538,658)	4.29
Exercised	–	–	–	–
Outstanding, end of period	1,059,792	1.95	1,109,104	2.08
Options exercisable, end of period	387,916	$ 3.85	261,188	$ 5.42

A summary of the status of the Company's options under the Plan is as follows:

	June 30, 2013			December 31, 2012		
Range of exercise prices	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
$0.80	787,500	3.97	122,915	793,750	4.50	–
$2.72	18,750	0.47	18,750	18,750	1.00	18,750
$4.32-$4.72	97,917	1.44	90,626	97,917	1.97	75,000
$6.08	155,625	0.70	155,625	155,625	1.23	124,375
$6.40	–	–	–	43,062	0.24	43,063
	1,059,792		387,916	1,109,104		261,188

During the three months ended June 30, 2013, the Company recorded share-based compensation expense related to stock options granted to employees of $15 (2012 – ($2)). During the six months ended June 30, 2013, the Company recorded a share-based compensation expense of $36 (2012 – ($15))

During the three months and six months ended June 30, 2013 and 2012, no stock options were granted and no stock options were exercised.

14. Consolidated statements of cash flows:

The change in non-cash operating working capital comprises the following:

	Six months ended June 30, 2013	Six months ended June 30, 2012
Change in non-cash operating working capital:		
Accounts receivable	$ 814	$ (1,492)
Other current assets	34	167
Accounts payable and accrued liabilities	(559)	(1,717)
Deferred revenue	(11)	97
	$ 278	$ (2,945)

15. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, AOCI and deficit. The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

16. Fair value of financial instruments:

Financial instruments classified as fair value through profit or loss or available-for-sale are carried at fair value on the consolidated statements of financial position. Changes in fair values of financial instruments classified as fair value through profit or loss and available-for-sale are recognized in net income and other comprehensive income, respectively.

Fair value measurements:

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and

16. Fair value of financial instruments (continued):

- Level 3 - inputs are not based on observable market data.

In the tables below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date. The Company has no financial liabilities measured at fair value.

Financial assets measured at fair value as at June 30, 2013 and December 31, 2012 in the consolidated financial statements are summarized below.

June 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 4,004	$ –	$ –	$ 4,004
Available-for-sale equity securities (i)	–	–	50	50
	$ 4,004	$ –	$ 50	$ 4,054

December 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 5,419	$ –	$ –	$ 5,419
Available-for-sale equity securities (i)	–	–	50	50
	$ 5,419	$ –	$ 50	$ 5,469

There have been no transfers of assets between levels between April 1 and June 30, 2013.

(i) The Company initially measured the available-for-sale equity investment purchased in Q3 2012 based on the cash exchanged between the parties. The investment is being accounted for at fair value. No significant change in fair value was determined through June 30, 2013.

17. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

Customer concentration risk is the risk of financial loss to the Company due to reliance on one or a small number of customers for significant portions of its total revenues. If a customer that represents a significant portion of revenues reduces its activity or ceases to transact with the Company, there could be a material negative impact on the Company's financial stability. For the three months ended June 30, 2013, two clients comprised of 27% and 10% of the Company's total revenue (from continuing operations) and one client comprised of 19% of the Company's total revenue for the same period in 2012. For the six months ended June 30, 2013, three clients comprised of 22%, 11% and 10% of the Company's total revenue (from continuing operations). For the same period in 2012, one client made up 14% of the total revenue.

(a) 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 and arises from the Company's accounts receivable and cash and cash equivalents. The majority of the Company's customers are located in the United States and Canada. At June 30, 2013, three customers represented 25%, 19% and 10% of the accounts receivable balance of $1,540, respectively. At December 31, 2012, three customers represented 22%, 13% and 11% of the accounts receivable balance of $2,425. The accounts receivable balances due from the significant customers was current at June 30, 2013.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always 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 its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows

17. Financial risk management (continued):

from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for principal and interest payments on its debt, capital expenditures and working capital needs. The Company uses its operating cash flows, operating facilities and cash balances to maintain liquidity.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the Company's share price, will affect the Company's income or the value of its financial instruments.

(i) Interest rate risk:

Interest rate risk is insignificant on the Company's cash and cash equivalents due to the short-term maturity of the investments held.

(ii) Currency risk:

The Company operates internationally with the U.S. dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in Canadian dollars. In addition, the Company is exposed to exchange gains or losses on translation from its U.S. dollar functional currency to its Canadian dollar presentation currency. The Company's main objective in managing its foreign exchange risk is to maintain Canadian cash on hand to support Canadian forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash and cash equivalents held. The Company also utilizes foreign currency derivative instruments to hedge against currency fluctuations. During the six months ended June 30, 2013, the Company maintained a portion of its cash resources in both U.S. and Canadian dollar cash and cash equivalents. The Company does not have any foreign currency derivative instruments outstanding as of June 30, 2013.