Unaudited Condensed Consolidated Interim Financial Statements of

EQ INC.

Three and nine months ended September 30, 2015 and 2014

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 nine months ended September 30, 2015 and 2014 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)

September 30, 2015 and December 31, 2014

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 311	$ 311
Accounts receivable	642	722
Other current assets	203	196
	1,156	1,229
Non-current assets:		
Investment	50	50
Property and equipment (note 8)	25	124
Domain properties and other intangible assets (note 9)	263	324
	338	498
Total assets	$ 1,494	$ 1,727
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,597	$ 1,480
Demand loans (note 10)	1,396	–
Loan and borrowings (note 11)	146	–
Deferred lease inducement	22	22
Finance lease	–	64
Deferred revenue	37	90
	3,198	1,656
Non-current liability:		
Deferred lease inducement	56	73
	56	73
Shareholders' equity (deficiency) (note 12)	(1,760)	(2)
Total liabilities and shareholders' Equity	$ 1,494	$ 1,727

Going concern (note 2(a))

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 nine months ended September 30, 2015 and 2014

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Revenue (note 3)	$ 922	$ 1,006	$ 2,829	$ 4,103
Expenses:				
Publishing and advertising costs	451	450	1,391	1,943
Employee compensation and benefits	447	664	1,524	2,438
Other operating expenses	367	493	1,346	1,950
Depreciation of property and equipment	30	37	110	147
Amortization of domain properties and other intangible assets	28	269	83	813
	1,323	1,913	4,454	7,291
Loss from operations	(401)	(907)	(1,625)	(3,188)
Finance income (note 5)	60	2	41	12
Finance cost (note 5)	(35)	(42)	(81)	(98)
	25	(40)	(40)	(86)
Loss before income taxes	(376)	(947)	(1,665)	(3,274)
Income tax recovery (note 6)	-	22	18	22
Loss for the period	(376)	(925)	(1,647)	(3,252)
Other comprehensive income (loss):				
Foreign currency translation adjustments to equity, net of tax	(104)	65	(116)	141
Total comprehensive loss for the period	$ (480)	$ (860)	$ (1,763)	$ (3,111)
Loss per share (note 7):				
Basic and diluted	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.20)

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)

Nine months ended September 30, 2015 and 2014

Nine months ended September 30, 2015	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive (loss)	Deficit	Total equity (deficiency)
Balances, January 1, 2015	15,857,225	$ 66,278	$ 2,450	$ (1,866)	$ (66,864)	$ (2)
Loss for the period	–	–	–	–	(1,647)	(1,647)
Share-based payments (note 13)	–	–	5	–	–	5
Foreign currency translation adjustments to equity	–	–	–	(116)	–	(116)
Balances, September 30, 2015	15,857,225	$ 66,278	$ 2,455	$ (1,982)	$ (68,511)	$ (1,760)

Nine months ended September 30, 2014	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive (loss)	Deficit	Total equity
Balances, January 1, 2014	15,857,225	$ 66,278	$ 2,395	$ (2,022)	$ (62,578)	$ 4,073
Loss for the period	–	–	–	–	(3,252)	(3,252)
Share-based payments (note 13)	–	–	38	–	–	38
Foreign currency translation adjustments to equity	–	–	–	141	–	141
Balances, September 30, 2014	15,857,225	$ 66,278	$ 2,433	$ (1,881)	$ (65,830)	$ 1,000

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)

Nine months ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Loss for the period	$ (1,647)	$ (3,252)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	110	147
Amortization of domain properties and other intangible assets	83	813
Amortization of deferred lease inducement	(16)	(23)
Share-based payment (note 13)	5	38
Foreign exchange loss	24	91
Finance Income, net	77	(4)
Change in non-cash operating working capital (note 14)	(31)	217
Cash used in operating activities	(1,395)	(1,973)
Income tax received	18	22
Net cash used in operating activities	(1,377)	(1,951)
Cash flows from financing activities:		
Repayment of finance lease	(64)	(99)
Loan and borrowings	175	–
Repayment of loans and borrowings	(29)	–
Demand Loans	1,335	–
Interest paid	(20)	(8)
Net cash from (used in) financing activities	1,397	(107)
Cash flows from investing activities:		
Interest income received	4	12
Addition to property and equipment	–	(11)
Net cash from investing activities	4	1
Foreign exchange loss on cash held in a foreign currency	(24)	(91)
Decrease in cash and cash equivalents	–	(2,148)
Cash and cash equivalents, beginning of period	311	2,797
Cash and cash equivalents, end of period	$ 311	$ 649

See accompanying notes to unaudited condensed consolidated interim financial statements.

1. Corporate information:

EQ Inc. (“EQ Works” or the "Company") uses real-time technology and advanced analytics to improve performance for all web, mobile, social and video advertising initiatives. The Company balances the many components that comprise the complex advertising ecosystem and establishes equilibrium for reaching the right audience at the right time through any web or mobile device. 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, Ontario, M5R 2A9. The Company is a publicly listed company on the Toronto Stock Venture Exchange ("TSX-V").

During the first quarter of 2015, the Company applied to voluntarily delist its common shares from the TSX and list them on the TSX Venture Exchange (the “TSX-V”) through the streamlined listing procedures of the TSX-V. On March 27, 2015, its common shares were accepted for listing by the TSX-V and trading of common shares on the TSX-V commenced at the opening of the market on March 31, 2015.

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, 2014 (the "2014 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 2014 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on November 30, 2015.

2. Basis of preparation (continued):

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and using accounting principles applicable to a going concern. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. However, there is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced losses and negative cash flows that exceeded expectations in the current period principally due to the loss of certain customers.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing from existing shareholders or other sources and/or generate cash flows from operations in the future. There is no certainty that the Company will be able to secure additional forms of financing which are not yet committed or generate cash flows from operations in the foreseeable future.

If the going concern assumption was not appropriate for these interim financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported net loss, and the classifications used in the statement of financial position. The condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

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.

(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-V and its shareholders are primarily Canadian.

2. Basis of preparation (continued):

(c) 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, 2014, 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, 2016 and 2018 and earlier application is permitted.

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:

Effective for annual periods beginning on or after January 1, 2016:

(i) IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures were amended by the IASB in September 2014 to eliminate an inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Subsequent to the amendments, a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Earlier application is permitted.

(ii) IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures were amended by the IASB in December 2014 to clarify the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them. Earlier application is permitted.

(iii) IAS 1 Presentation of Financial Statements was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. Earlier application is permitted.

2. Basis of preparation (continued):

Effective for annual periods beginning on or after January 1, 2017:

(iv) IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets were amended by the IASB in May 2014. Amendment clarify that the use of revenue-based method to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. Earlier application is permitted.

(v) IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Earlier application is permitted. IFRS 15 supersedes the following standards: 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.

Effective for annual periods beginning on or after January 1, 2018:

(vi) IFRS 9 Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were impairment method to be used, replacing the multiple impairment methods in IAS 39. Earlier application is permitted.

The Company is assessing the impact of this new standard on its Interim consolidated financial statements.

(In thousands of Canadian dollars, except per share amounts)

3. Revenue:

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

Advertising revenue is derived from the on-line network connecting advertisers and publishers to execute advertising. Marketing services revenue is derived from fully integrated digital marketing solutions. We work with agencies and clients to define, create, and deliver return on investment (“ROI”) focused digital strategies. Our skilled team uses its deep marketing and technology expertise to achieve specific client objectives.

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Advertising	$ 674	$ 769	$ 2,157	$ 3,154
Marketing Services	248	237	672	949
	$ 922	$ 1,006	$ 2,829	$ 4,103

4. Segment information:

The Company has one operating segment and report as such. EQ’s business focus on targeted advertising and incorporates the most sophisticated advertising technologies, data analytics and programmatic media buying capabilities into a single system. The chief operating decision maker evaluates the Company’s performance, makes operating decision, and allocates resources based on financial data consistent with the presentation in these 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.

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Canada	$ 889	$ 726	$ 2,559	$ 2,794
U.S.	28	264	260	1,231
Outside North America	5	16	10	78
	$ 922	$ 1,006	$ 2,829	$ 4,103

(In thousands of Canadian dollars, except per share amounts)

4. Segment information (continued):

For the three months ended September 30, 2015, there were three clients that comprised 13%, 12% and 11% of the Company's total revenue and one client that comprised 11% of the Company's total revenue for the same period in 2014. For nine months ended September 30, 2015, there were two clients that comprised 13% and 10% of the Company's total revenue. For the same period in 2014, one client comprised 15% of the Company's total revenue.

5. Finance income and finance cost:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2014	Nine months ended September 30, 2014
Finance income:				
Interest income on cash and cash equivalents and other	$ –	$ 2	$ 4	$ 12
Foreign exchange gain, net	60	–	37	–
Total finance income	60	2	41	12
Finance cost:				
Other interest expense	(35)	(2)	(81)	(8)
Foreign exchange loss, net	–	(40)	–	(90)
Total finance cost	(35)	(42)	(81)	(98)
Net finance income (cost) recognized in profit or loss	$ 25	$ (40)	$ (40)	$ (86)

6. Income taxes:

The Company recorded an income tax recovery of nil and $18 in the three and nine months ended September 30, 2015 and $22 in the three and nine months ended September 30, 2014.

(In thousands of Canadian dollars, except per share amounts)

7. Loss per share:

The computations for basic and diluted loss per share for the three and nine months ended September 30, 2015 and 2014 are as follows:

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Loss for the period	$ (376)	$ (925)	$ (1,647)	$ (3,252)
Weighted average number of shares outstanding:				
Basic	15,857,225	15,857,225	15,857,225	15,857,225
Diluted	15,857,225	15,857,225	15,857,225	15,857,225
Loss per share:				
Basic and diluted	$ (0.02)	$ (0.06)	$ (0.10)	$ (0.20)

The total number of anti-dilutive options and warrants that were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive for the three and nine months ended September 30, 2015, were nil (2014 – 1,037,498).

(In thousands of Canadian dollars, except per share amounts)

8. Property and equipment:

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance at January 1, 2015	$ 822	$ 3,493	$ 361	$ 4,676
Effect of movements in exchange rates	296	895	108	1,299
Balance at September 30, 2015	$ 1,118	$ 4,388	$ 469	$ 5,975
Depreciation				
Balance at January 1, 2015	$ 815	$ 3,376	$ 361	$ 4,552
Depreciation for the period	2	108	–	110
Effect of movements in exchange rates	295	885	108	1,288
Balance at September 30, 2015	$ 1,112	$ 4,369	$ 469	$ 5,950
Carrying amounts				
At December 31, 2014	7	117	–	124
At September 30, 2015	6	19	–	25

(In thousands of Canadian dollars, except per share amounts)

9. Domain properties and other intangible assets:

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, 2015	$ 18,085	$ 10,326	$ 7,881	$ 1,206	$ 37,498
Disposal	–	–	(241)	–	(241)
Effect of movements in exchange rates	98	618	193	162	1,071
Balance at September 30, 2015	$ 18,183	$ 10,944	$ 7,833	$ 1,368	$ 38,328
Amortization					
Balance at January 1, 2015	$ 18,085	$ 10,290	$ 7,593	$ 1,206	$ 37,174
Amortization for the period	–	12	71	–	83
Disposal	–	–	(220)	–	(220)
Effect of movements in exchange rates	98	613	155	162	1,028
Balance at September 30, 2015	$ 18,183	$ 10,915	$ 7,599	$ 1,368	$ 38,065
Carrying amounts					
At December 31, 2014	–	36	288	–	324
At September 30, 2015	–	29	234	–	263

10. Demand loans:

During the period, the Company entered into Demand Loans ("Loan") in the amount of $1,396. The Loan included promissory notes of approximately $752 from the March 30, 2015 financing which matured on September 10, 2015 and $635 of new contribution plus accrued interest of $9. The Loan was converted into Promissory Notes upon closing of the November 2015 Financing (as defined in Note 18 below).

11. Loans and borrowings:

The Company has a non-revolving term facility and credit card facility with a Canadian chartered bank to be used for general operating requirements. As at September 30, 2015, there were $146 (2014 - nil) outstanding under the non-revolving term facility and $57 outstanding under the credit card facility (2014 - $37) included in accounts payable. The aggregate of available borrowings under all facilities cannot exceed approximately $213 at any time.

The non-revolving demand facility is up to $175 by way of Canadian dollar currency loans and repayable by twelve monthly equal installments. The facility bears interest at the bank's prime rate plus 2.35%. Borrowings outstanding under this facility plus a $65 business credit card allocation must not exceed 75% of accounts receivable with an aging less than 90 days, as defined in the credit agreement. Amounts outstanding are repayable upon demand.

Borrowings under the credit agreements require the maintenance of certain financial and non-financial covenants and are secured by a general security interest in the Company's assets. The Company is required to maintain a minimum cash or cash equivalent of not less than of $275 to be measured at December 31, 2015.

12. Shareholders' equity:

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.

(In thousands of Canadian dollars, except per share amounts)

13. Share-based payments:

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

	September 30, 2015		September 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	–	$ –	1,106,871	$ 1.75
Granted	–	–	200,000	0.54
Forfeited or cancelled	–	–	(269,373)	3.91
Outstanding, end of period	–	–	1,037,498	0.99
Options exercisable, end of period	–	$ –	302,080	$ 1.63

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

	September 30, 2015			September 30, 2014		
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
$0.54-$0.55	–	–	–	200,000	4.35	–
$0.80	–	–	–	768,750	2.75	233,332
$4.08-$4.72	–	–	–	68,748	0.79	68,748
	–	–	–	1,037,498		302,080

During the three months ended September 30, 2015, the Company recorded share-based compensation expense related to stock options granted to employees of nil (2014 – $13). During nine months ended September 30, 2014, the Company recorded a share-based compensation expense of $5 (2014 – $38).

During three months ended September 30, 2015 and 2014, no stock options were granted and no stock options were exercised.

During the nine months ended September 30, 2015, no stock options were granted and exercised. During the nine months ended September 30, 2014, the Company granted 200,000 stock options and no stock options were exercised.

(In thousands of Canadian dollars, except per share amounts)

14. Consolidated statements of cash flows:

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

	Nine months ended September 30, 2015	2014
Change in non-cash operating working capital:		
Accounts receivable	$ 193	$ 1,368
Other current assets	(36)	(112)
Accounts payable and accrued liabilities	(59)	(653)
Deferred revenue	(129)	(495)
Deferred Lease inducement	–	109
	$ (31)	$ 217

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
- 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 September 30, 2015 and December 31, 2014 in the consolidated financial statements are summarized below.

(In thousands of Canadian dollars, except per share amounts)

16. Fair value of financial instruments (continued):

September 30, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 311	$ –	$ –	$ 311
Available-for-sale equity securities (i)	–	–	50	50
	$ 311	$ –	$ 50	$ 361

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 311	$ –	$ –	$ 311
Available-for-sale equity securities (i)	–	–	50	50
	$ 311	$ –	$ 50	$ 361

There have been no transfers of assets between levels between September 30, 2015 and December 31, 2014.

(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 September 30, 2015.

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 September 30, 2015, there were three clients that comprised 13%, 12% and

17. Financial risk management (continued):

11% of the Company's total revenue and one client that comprised 11% of the Company's total revenue for the same period in 2014. For nine months ended September 30, 2015, there were two clients that comprised 13% and 10% of the Company's total revenue. For the same period in 2014, one client comprised 15% of the Company's 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 September 30, 2015, four customers represented 18%, 15%, 15% and 13% of the accounts receivable balance of $642, respectively. At December 31, 2014, three customers represented 21%, 13% and 11% of the accounts receivable balance of $722. The accounts receivable balances due from the significant customers were current at September 30, 2015.

(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 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.

17. Financial risk management (continued):

(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 nine months ended September 30, 2015, 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 September 30, 2015.

18. Subsequent event:

On November 25, 2015, the Company announced that, subject to final TSX-V approval, it has completed its issuance (the "November 2015 Financing") of approximately $1,421,000 non-convertible secured promissory notes (the "Promissory Notes") and Bonus Warrants (as defined below), the terms of which were initially announced on August 20, 2015. The Company subsequently received final TSX-V approval for the November 2015 Financing on November 27, 2015. The Promissory Notes will accrue interest at a rate of 8% per annum, calculated annually, and will be due twelve months from the date of issuance.

In connection with the issuance of the Promissory Notes, the lenders received seven non-transferable warrants (the "Bonus Warrants") for each dollar of principal amount of Promissory Notes, with each Bonus Warrant being exercisable for a period of twelve months from the date of issuance for one common share of the Company (a "Bonus Share") at an exercise price of $0.10 per Bonus Share. All Bonus Shares are subject to a four month hold period from the date of issuance in accordance with applicable securities law.

An aggregate of $586,791 of the Promissory Notes were purchased by certain non-arm's length lenders, being Vernon Lobo, the Chairman and a director of the Corporation, Geoffrey Rotstein, the President, Chief Executive Officer and a director of the Corporation, and Dilshan Kathriarachchi, the Chief Technology Officer of the Corporation.