CardioComm Solutions, Inc.

Q3 2015

Interim Financial Statements

For the period ended September 30, 2015
(Unaudited – Prepared by Management)

CardioComm Solutions, Inc.

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

CARDIOCOMM SOLUTIONS, INC.

Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited – prepared by Management)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 103,874	$ 174,744
Accounts receivable	514,485	230,126
Inventory	326,500	450,265
Prepaid expenses and deposits	192,154	126,114
	1,137,013	981,249
Equipment (note 3)	19,570	56,564
Intangible assets (note 4)	3,096	10,229
	$ 1,159,679	$ 1,048,042
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 380,958	$ 284,639
Current portion of due to related party (note 5)	1,040,906	981,402
Current portion of obligation under financial lease (note 8)	-	20,117
Deferred revenue	312,003	357,718
	1,733,867	1,643,876
Shareholders' equity (deficiency):		
Share capital (note 6)	28,457,800	28,140,217
Contributed surplus (note 6)	4,076,860	3,948,620
Other paid-in capital (note 6)	202,878	181,484
Subscription receivable	(5,000)	-
Deficit	(33,306,726)	(32,866,155)
	(574,188)	(595,834)
Continuing operations (note 1)		
Commitments and contingencies (note 8)		
Subsequent events (note 13)		
	$ 1,159,679	$ 1,048,042

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Yury Levin"
________________ Director

"Etienne Grima"
________________ Director

CARDIOCOMM SOLUTIONS, INC.

Consolidated Statements of Loss, Comprehensive Loss and Deficit
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	Sept 30, 2015	Sept 30, 2014	**Sept 30, 2015**	Sept 30, 2014
Sales	**$ 346,791**	$ 163,272	**$ 1,345,148**	$ 963,713
Operating expenses:				
Operations	**395,937**	383,692	**1,249,462**	1,185,671
Sales, service and support	**132,740**	75,103	**470,481**	218,133
Marketing	**-**	30,375	**7,428**	122,710
Research and development	**16,490**	50,017	**82,840**	343,984
	545,167	539,187	**1,810,211**	1,870,498
Loss before the following	**(198,376)**	(375,915)	**(465,063)**	(906,785)
Foreign currency translation gain (loss)	**13,609**	12,903	**24,412**	8,899
Interest and other	**(113)**	1,849	**80**	2,995
Loss and comprehensive loss for the period	**$ (184,880)**	$ (361,163)	**$ (440,571)**	$ (894,891)
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.01)
Weighted average number of shares outstanding	**112,247,526**	108,286,483	**111,291,339**	105,908,972

See accompanying notes to consolidated financial statements.

CARDIOCOMM SOLUTIONS, INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	Number of Common Shares	Common Shares at Stated Value	Contributed Surplus	Other Paid-in Capital	Share Subscription Receivable	Deficit	Total Equity
Balance at January 1, 2015	109,318,660	$ 28,140,217	$ 3,948,620	$ 181,484	$ -	$ (32,866,155)	$ (595,834)
Loss for the period						(440,571)	(440,571)
Issued shares	5,430,968	317,583					317,583
Issued stock options			154,514				154,514
Exercised stock options			(26,274)				(26,274)
Exercised warrants			-	(18,768)			(18,768)
Issued warrants				40,162			40,162
Subscription receivable					(5,000)		(5,000)
Balance at September 30, 2015	**114,749,628**	**$ 28,457,800**	**$ 4,076,860**	**$ 202,878**	**$ (5,000)**	**$ (33,306,726)**	**$ (574,188)**
Balance at January 1, 2014	100,997,435	$ 27,843,340	$ 2,960,275	$ 768,187	$ -	$ (31,911,256)	$ (339,454)
Loss for the period						(894,891)	(894,891)
Issued shares	8,321,225	296,877					296,877
Issued stock options			168,613				168,613
Expired warrants			768,187	(768,187)			-
Issued warrants				181,484			181,484
Balance at September 30, 2014	**109,318,660**	**$ 28,140,217**	**$ 3,897,075**	**$ 181,484**	**$ -**	**$ (32,806,147)**	**$ (587,371)**

CARDIOCOMM SOLUTIONS, INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	Sept 30, 2015	Sept 30, 2014	**Sept 30, 2015**	Sept 30, 2014
Cash provided by (used for):				
Operations:				
Loss for the year	**$ (184,880)**	$ (361,163)	**$ (440,571)**	$ (894,891)
Items which do not involve cash:				
Amortization of property and equipment	**8,409**	16,666	**49,058**	60,078
Stock-based compensation	**54,037**	42,103	**154,514**	168,613
Liability to be settled by share	**53,675**	(4,500)	**92,425**	-
Changes in non-cash working capital balances (note 7)	**76,428**	(29,818)	**(176,030)**	16,524)
	7,669	(336,712)	**(320,604)**	(649,676)
Financing:				
Issuance of common shares and warrants for cash	**98,472**	189,502	**220,278**	478,361
Subscription receivable	**(5,000)**	-	**(5,000)**	-
Advance from (repayment to) related party	**(52,153)**	11,343	**59,504**	142,834
Repayment of obligation under finance lease	**(3,088)**	(9,226)	**(20,117)**	(27,599)
	38,231	191,619	**254,665**	593,596
Investing:				
Purchase of property and equipment	**(147)**	(1,321)	**(4,931)**	(12,680)
Increase (decrease) in cash	**45,753**	(146,414)	**(70,870)**	(68,760)
Cash, beginning of period	**58,121**	173,711	**174,744**	96,057
Cash and cash equivalents, end of period	**$ 103,874**	$ 27,297	**$ 103,874**	$ 27,297
Supplemental cash flow information:				
Interest paid	**$ 12,653**	$ 12,700	**$ 36,996**	$ 37,456

See accompanying notes to consolidated financial statements.

The consolidated financial statements represent the consolidated accounts of CardioComm Solutions, Inc. (incorporated in British Columbia) and its wholly-owned subsidiaries CardioView Inc. (incorporated in Ontario) (collectively, the “Company”). The Company develops advanced software and hardware related to a personal heart arrhythmia monitoring system. The head office and principal address of the Company is 259 Yorkland Road, Suite 200, North York, Ontario, M2J 0B5. The registered and records office of the Company is #600-1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

1. Going concern:

These consolidated financial statements have been prepared on the going concern basis, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses and negative cash flows from operations since inception including a loss of $440,571 for the period ended September 30, 2015, and a cumulative deficit of $33,306,726 as at September 30, 2015 which have been financed with equity and line of credit. The application of the going concern assertion is dependent on the Company’s ability to generate positive cash flow from operations and/or to obtain additional financing.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

2. Significant accounting policies:

(a) Statement of compliance:

These unaudited consolidated financial statements have been prepared by management based on International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"). In addition, these unaudited consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Basis of preparation:

The consolidated financial statements are presented in Canadian dollars and are prepared on the historical cost basis, except for financial instruments that are measured on a fair value basis.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and liquid investments with a term to maturity of 90 days or less when acquired.

(d) Inventory:

Inventories are valued at the lower of cost and net realizable value, with cost determined based on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimate costs necessary to make the sale.

Inventories include the cost of materials purchased, the cost of conversion, as well as other costs required to bring the inventories to their present location and condition.

2. Significant accounting policies (continued):

(e) Equipment:

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of the item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is location less related investment tax credits and government grants. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of loss and comprehensive loss. The cost of repairs and maintenance is expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Computer hardware	3-5 years
Office equipment	3-5 years
Furniture and fixtures	4 years
Leasehold improvement	4 years

(f) Intangible assets:

Intangible assets, with determinable lives are stated at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Computer software	1-3 years
Patents	5 years
Technology rights	5 years

(g) Leases:

Leasing contracts are classified as either operating or financing leases. For operating leases, rental costs are charged to income in the period they are incurred. The asset and liability associated with a finance lease are recorded at the lower of fair value and present value of the minimum lease payments, net of executor costs. Lease payments are apportioned between financing charges and repayment of the liability.

2. Significant accounting policies (continued):

(h) Revenue recognition:

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered and is installed and operational at a customer's place of business or the services have been provided to the customer, the fee is fixed and determinable, and collectability is reasonably assured

In addition to this general policy, the following are the specific revenue recognition policies for each major category of revenue:

Software:

Revenue from the sale of proprietary software is recognized when title is transferred to the customer and customer acceptance is established. Shipping and handling costs paid by the customer to the Company are included in revenue.

Service:

Revenues derived from ongoing service and maintenance contracts are recognized over the term of the contract on a straight-line basis and are net of discounts. Other service revenue is recognized at the time the service is performed.

Multiple-element arrangements:

The Company also has multiple-element sales arrangements where software licenses, the associated post-contract services (“PCS“) and services are sold together.

The Company has established vendor-specific objective evidence (“VSOE”) of the fair value of PCS for specific customer classes based on the value of PCS when sold separately as an optional renewal after the expiry of the initial maintenance term or based on contracted prices for optional PCS renewals included in the original multiple element sales arrangement.

The Company uses the residual method to determine the fair value of the services and software licenses if VSOE of the fair value of all undelivered elements exists. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is recognized as revenue. In such cases, when vendor-specific objective evidence of fair value exists for all of the undelivered elements (most commonly PCS), the residual amount is recognized as revenue and the PCS is recognized ratably over the PCS term, which is typically 12 months.

2. Significant accounting policies (continued):

(i) Income taxes:

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that they relates to items recognized directly in equity or other comprehensive income.

Current taxes:

Current taxes are the expected taxes payable or recoverable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax:

The Company uses the asset and liability method of accounting for income taxes, under which deferred income tax assets and liabilities are recognized for the estimated deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and liabilities are offset if there is a right to offset the deferred tax assets and liabilities and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but the Company intends to settle the tax assets and liabilities on a net basis or the deferred tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Investment tax credits:

Research and development investment tax credits (“ITCs”), which are earned as a result of incurring qualifying research and development expenditures, are recorded as a reduction of the related expense or cost of the asset acquired when there is reasonable assurance that they will be realized.

The Company’s claim for Scientific Research and Experimental Development (“SR&ED”) deductions and related ITCs for income tax purposes is based on management’s interpretation of the applicable legislation in the Income Tax Act (Canada). The amounts are subject to review and acceptance by the Canada Revenue Agency or the Ontario Ministry of Finance prior to collection.

2. Significant accounting policies (continued):

(k) Research and development expenditures:

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date. No such expenditures meet these criteria in the current reporting periods.

(l) Foreign currency transactions:

The Company's functional currency and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Non-monetary items are translated at rates of exchange in effect when the amounts were acquired or obligations incurred. Revenues and expenses are translated at an average exchange rate for the period. Foreign currency gains and losses resulting from these translation adjustments are included in the determination of profit or loss.

(m) Stock-based compensation:

The Company has a share-based payments awards plan, which is described in note 6, available to officers, directors, employees and consultants. All share-based payments have been accounted for using a fair-value-based method of accounting. The fair value of each stock option granted is accounted for in the consolidated statements of loss and comprehensive loss, over the vesting period thereof, and the related credit is included in contributed surplus.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model on the date of grant with management's assumptions of risk-free interest rate, dividend yield, volatility factor of expected market price of the Company's common share, expected forfeiture and life of the options. For details regarding the determination of the fair value of equity-settled share-based transactions see note 6.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

2. Significant accounting policies (continued):

(n) Use of estimates:

The presentation of financial statements in conformity with IFRS principles requires management to make 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 reported amounts of revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates made by management are, but are not limited to, revenue recognition, including the identification of separate units of accounting under multiple deliverable arrangements, the measurement of deferred revenue related to future services, valuation of stock-based compensation, useful lives of equipment, the allowance for doubtful accounts, inventory valuation and the estimation of future income tax asset valuation allowances. Actual results could differ from those estimates.

(o) Loss per share:

Net loss per common share has been computed by dividing the loss applicable to common shareholders by the weighted average number of shares of common stock outstanding during the respective periods. Dilutive loss per share is calculated by dividing the applicable net earnings (loss) by the sum of the weighted average number of shares outstanding during the period and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

The computation of diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of the stock options and warrants.

2. Significant accounting policies (continued):

(p) Impairment of long-lived assets:

The Company monitors the recoverability of long-lived assets, including equipment and technology rights, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company reviews factors such as current market value, future asset utilization and business climate and compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment charge to be recognized equals the amount by which the carrying amount of the assets exceeds the fair value of the asset. Fair value, where not otherwise determinable, is based on the estimated future discounted net cash flows from the asset or assets.

Any impairment losses are recognized immediately in the consolidated statement of loss and comprehensive loss. When an event causes the amount of impairment loss to decrease, the decrease is reversed through the statement of loss and comprehensive loss.

(q) Financial assets and liabilities:

Financial instruments are measured on initial recognition at fair value, plus in the case of financial instruments other than those classified as “fair value through profit and loss”, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as “fair value through profit and loss”, “available-for-sale”, “held to maturity”, or “loans and receivables” as defined by IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit or loss or “other financial liabilities”.

Financial assets and financial liabilities at fair value through profit and loss included financial assets and liabilities that are held for trading or designated upon initial recognition as fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated statement of loss and comprehensive loss. Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized in other comprehensive income (“OCI”), except when there is evidence that the asset is impaired, at which point the cumulative loss that had been previously recognized in OCI is recognized within the consolidated statements of loss and comprehensive loss. Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest rate method.

2. Significant accounting policies (continued):

(q) Financial assets and liabilities (continued):

The Company has classified its financial instruments as follows:

Cash	- Fair value through profit and loss
Accounts receivable	- Loans and receivables
Due from related party	- Loans and receivables
Accounts payable and accrued liabilities	- Other liabilities
Due to related party	- Other liabilities
Deferred revenue	- Other liabilities
Obligation under capital lease	- Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2015, all financial instruments recorded at fair value have been measured using level 1 inputs.

2. Significant accounting policies (continued):

(r) Impairment of financial assets:

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amount receivable, where the carrying amount is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant accounting policies (continued):

(s) Recently adopted Accounting standards and Interpretations:

IAS 32, Financial Instruments ("IAS 32")

IAS 32 was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The Company has adopted IAS 32 in Q1 of 2014 and has determined there is no significant impact of adoption.

IAS 36, Impairment of Assets ("IAS 36")

IAS 36 was amended by the IASB in May 2014 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The Company has adopted IAS 36 in Q1 of 2014 and has determined there is no significant impact of adoption.

(t) Accounting standards and Interpretations issued but not yet adopted:

IFRS 9, Financial Instruments ("IFRS 9")

In October 2010, the IASB issued IFRS 9. IFRS 9, which replaces IAS 39, *Financial Instruments: Recognition and Measurement, and* establishes principles for the financial reporting of financial assets and financial liabilities that will present information to users of the financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual financial statements commencing January 1, 2018. The Company is assessing the impact of this new standard on its financial statements.

(Expressed in Canadian Dollars)

3. Equipment:

	Computer hardware (a)	Equipment, other (b)	Leasehold improvement	Furntiture and fixtures	Total
Cost					
As at January 1, 2015	$ 414,696	$ 138,590	$ 27,420	$ 4,740	$ 585,446
Additions	147	-	-	-	147
As at September 30, 2015	414,843	138,590	27,420	4,740	585,593
Accumulated depreciation					
As at January 1, 2015	395,073	119,260	10,283	4,266	528,882
Depreciation for the period	13,869	17,657	5,141	474	37,141
As at September 30, 2015	408,942	136,917	15,424	4,740	566,023
Net book value	**$ 5,901**	**$ 1,673**	**$ 11,996**	**$ -**	**$ 19,570**
Cost					
As at January 1, 2014	$ 412,069	$ 137,868	$ 27,420	$ 4,740	$ 582,097
Additions	2,627	722	-	-	3,349
As at December 31, 2014	414,696	138,590	27,420	4,740	585,446
Accumulated depreciation					
As at January 1, 2014	365,477	92,470	3,428	3,318	464,693
Depreciation for the year	29,596	26,790	6,855	948	64,189
As at December 31, 2014	395,073	119,260	10,283	4,266	528,882
Net book value	$ 19,623	$ 19,330	$ 17,137	$ 474	$ 56,564

(a) Includes a server under a finance lease with a cost of $54,369 and accumulated depreciation of $54,369 ($46,818 as at December 31, 2014). Depreciation expense for the server under a finance lease amounted to $7,551 for the current period ($9,061 in 2014) and has been included in the statement of operations.

(b) Includes telephone equipment under a finance lease with a cost of $46,294 and accumulated depreciation of $46,294 ($30,862 as at December 31, 2014). Depreciation expense for the telephone equipment under a finance lease amounted to $15,431 for the current period ($11,573 in 2014) and has been included in the statement of operations.

(Expressed in Canadian Dollars)

4. Intangible Assets:

	Computer software	Patents	Technology rights	Total
Cost				
As at January 1, 2015	$ 248,793	$ 27,403	$ 1	$ 276,197
Additions	4,784		-	4,784
As at September 30, 2015	253,577	27,403	1	280,981
Accumulated amortization				
As at January 1, 2015	238,565	27,403	-	265,968
Amortization for the period	11,917		-	11,917
As at September 30, 2015	250,482	27,403	-	277,885
Net book value	**$ 3,095**	**$ -**	**$ 1**	**$ 3,096**
Cost				
As at January 1, 2014	$ 229,166	$ 27,403	$ 1	$ 256,570
Additions	19,627	-	-	19,627
As at December 31, 2014	248,793	27,403	1	276,197
Accumulated amortization				
As at January 1, 2014	220,393	27,403	-	247,796
Amortization for the year	18,172	-	-	18,172
As at December 31, 2014	238,565	27,403	-	265,968
Net book value	$ 10,228	$ -	$ 1	$ 10,229

(Expressed in Canadian Dollars)

5. Related party transactions:

The Company has entered into transactions with related parties during the period. The following represent balances and transactions with related parties included in the consolidated financial statements (see also notes 6):

	September 30, 2015	December 31, 2014
Due to MD Primer Inc. ("MD Primer") (a)	$ **962,763**	$ 909,947
Due to other officers and directors	**78,143**	71,455
Balance, end of period	$ **1,040,906**	$ 981,402

Key management and directors' compensation:

For the nine months ended September 30,	**2015**	2014
Salaries	**$ 224,205**	$ 214,499
Consulting fees	**75,000**	109,125
Option-based awards	**134,668**	154,777
Other benefits	**5,817**	5,663

(a) An operating line of credit has been provided to the Company by MD Primer in the principal amount of up to $ 1,000,000, a company controlled by a director of the Company. Any amounts drawn down bear interest at the Bank of Canada prime lending rate plus 2.5%. Such interest shall be payable by the fifth business day of the calendar month following the calendar month for which such interest is payable. Total outstanding balance in relation to the line of credit as of June 30, 2015 is $962,763 ($909,947 as of December 31, 2014). The Company is required to repay any line of credit outstanding on December 31, 2015. The line of credit is secured against all of the Company's property.

All related party transactions were conducted in the normal course of business and have been recorded at the exchange amount, being the amount agreed to by the related parties.

(Expressed in Canadian Dollars)

6. Share capital:

(a) Issued and outstanding:

	Common shares	
	Issued and Outstanding	Amount
Balance, December 31, 2013	100,997,435	$ 27,843,340
Common shares issued for cash (i)	1,622,222	66,771
Common shares issued for cash (ii)	2,648,000	111,397
Common shares issued for services (iii)	35,610	4,500
Common shares issued for services (iv)	58,141	5,500
Common shares issued for cash (v)	3,300,000	104,571
Common shares issued for cash (vi)	600,000	19,017
Common shares issued for services (vii)	57,252	4,500
Share issuance cost (viii)		(19,379)
	8,321,225	296,877
Balance, December 31, 2014	109,318,660	$ 28,140,217
Common shares issued for services (ix)	375,000	18,750
Common shares issued for cash (x)	975,000	86,298
Common shares issued for services (xi)	50,000	5,000
Common shares issued for services (xii)	214,286	15,000
Common shares issued for cash (xiii)	900,000	79,536
Common shares issued for cash (xiv)	25,000	2,208
Common shares issued for debt (xv)	1,073,500	53,675
Common shares issued for cash (xvi)	1,818,182	59,838
Share issuance cost (xvii)		(2,722)
	5,430,968	317,583
Balance, September 30, 2015	**114,749,628**	**$ 28,457,800**

6. Share capital (continued):

(a) Issued and outstanding (continued):

(i) On January 21, 2014, the Company issued 1,622,222 equity units for cash proceeds of $107,610. Each equity unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of $0.10 until January 20, 2016. The gross proceeds have been allocated to Common Shares and Warrants based on the relative fair value of each component, as follows: common shares - $66,771; warrants - $42,729. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumption: risk free interest rate of 1.01%, expected dividend yield of 0%, stock price volatility of 142% (see note 6(d)).

(ii) On January 30, 2014, the Company issued 2,648,000 equity units for cash proceeds of $178,740. Each equity unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of $0.10 until January 29, 2016. The gross proceeds have been allocated to Common Shares and Warrants based on the relative fair value of each component, as follows: common shares - $111,397; warrants - $67,343. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumption: risk free interest rate of 0.99%, expected dividend yield of 0%, stock price volatility of 119% (see note 7(d)).

(iii) On February 20, 2014, the Company issued 35,610 common shares to a director of the Company in exchange to his consulting services, for a total consideration of $4,500.

(iv) On May 29, 2014, the Company issued 58,141 common shares to a director of the Company in exchange to his consulting services, for a total consideration of $5,500.

(v) On July 24, 2014, the Company issued 3,300,000 equity units for cash proceeds of $165,000. Each equity unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of $0.07 until July 24, 2016. The gross proceeds have been allocated to Common Shares and Warrants based on the relative fair value of each component, as follows: common shares - $105,571; warrants - $60,429. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumption: risk free interest rate of 1.08%, expected dividend yield of 0%, stock price volatility of 120% (see note 6(d)).

6. Share capital (continued):

(a) Issued and outstanding (continued):

(vi) On July 30, 2014, the Company issued 600,000 equity units for cash proceeds of $30,000. Each equity unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of $0.07 until July 30, 2016. The gross proceeds have been allocated to Common Shares and Warrants based on the relative fair value of each component, as follows: common shares - $19,017; warrants - $10,983. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumption: risk free interest rate of 1.09%, expected dividend yield of 0%, stock price volatility of 120% (see note 6(d)).

(vii) On July 30, 2014, the Company issued 57,252 common shares to a director of the Company in exchange to his consulting services, for a total consideration of $4,500.

(viii) During 2014, the Company incurred total stock issuance costs of $19,379.

(ix) On January 29, 2015, the Company issued 375,000 common shares to a consultant of the Company in exchange to his consulting services, for a total consideration of $18,750.

(x) On February 4, 2015, the Company issued 975,000 common shares to a consultant of the Company who exercised 600,000 warrants at $0.07 per share, 250,000 options at $0.065 per share and 125,000 options at $0.05 per share, for total proceeds of $64,500.

(xi) On February 17, 2015, the Company issued 50,000 common shares to consultants of the Company in exchange to their services, for a total consideration of $5,000.

(xii) On April 9, 2015, the Company issued 214,286 common shares to a consultant of the Company in exchange to his service, for a total consideration of $15,000.

(xiii) On May 14, 2015, the Company issued 900,000 common shares to an officer and director of the Company who exercised 400,000 warrants at $0.07 per share, 250,000 options at $0.055 per share and 250,000 options at $0.06 per share, for total proceeds of $56,750.

(xiv) On June 3, 2015, the Company issued 25,000 common shares to a consultant of the Company who exercised 25,000 warrants at $0.07 per share, for total proceeds of $1,750.

(xv) On September 1, 2015, the Company issued 1,073,500 common shares to an officer and director of the Company to clear $53,675 of the outstanding debt to him. This was captured in due to related party (see also note 5).

(Expressed in Canadian Dollars)

6. Share capital (continued):

(a) Issued and outstanding (continued):

(xvi) On September 29, 2015, the Company issued 1,818,182 equity units for cash proceeds of $100,000. Each equity unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of $0.10 until September 29, 2017. The gross proceeds have been allocated to Common Shares and Warrants based on the relative fair value of each component, as follows: common shares - $59,838; warrants - $40,162. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumption: risk free interest rate of 0.51%, expected dividend yield of 0%, stock price volatility of 142% (see note 6(d)).

(xvii) During the period, the Company incurred total stock issuance costs of $2,722.

(b) Contributed surplus:

Contributed surplus consists of expired, unexercised warrants and the cumulative stock compensation expenses that are recognized through the issuance of stock options.

	September 30, 2015	December 31, 2014
Balance, beginning of period	**$ 3,948,620**	$ 2,960,275
Stock compensation expense	**154,514**	220,158
Options exercised	**(26,274)**	-
Warrants expired unexercised	**-**	768,187
Balance, end of period	**$ 4,076,860**	$ 3,948,620

(c) Other paid-in capital:

Other paid-in capital contains the allocation of share issuance proceeds for amounts attributed to the value of outstanding warrants.

	September 30, 2015	**December 31, 2014**
Balance, beginning of period	$ **181,484**	$ 768,187
Warrants issued on closing of private placement	**40,162**	181,484
Warrants exercised	**(18,768)**	-
Warrants expired unexercised	**-**	(768,187)
Balance, end of period	$ **202,878**	$ 181,484

(Expressed in Canadian Dollars)

6. Share capital (continued):

(d) Warrants:

The following warrants were outstanding at September 30, 2015. Each warrant entitles the holder to purchase one common share of the Company at the prices indicated.

	Warrants issued and outstanding		Exercise price
Balance, December 31, 2013	3,200,000	$	0.76
Issued	4,270,222		0.10
Issued	3,900,000		0.07
Expired	(3,000,000)		0.75
Expired	(200,000)		0.85
Balance, December 31, 2014	8,170,222	$	0.09
Exercised	(1,025,000)		0.07
Issued	1,818,182		0.10
Balance, June 30, 2015	8,963,404	$	0.09

(e) Stock options:

The Company has an omnibus share compensation plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose may, from time to time, grant to directors, officers, full-time employees of, or consultants to, the Company, options to acquire common shares. The Company has reserved and set aside for issuance under the Plan, 11,474,963 common shares.

The following summarizes the status of the Plan:

	September 30, 2015			December 31, 2014		
Stock options	Shares		Weighted average exercise price	Shares		Weighted average exercise price
Outstanding, beginning of period	10,019,900	$	0.22	8,718,690	$	0.28
Granted	2,125,060		0.12	2,642,460		0.18
Expired, exercised or forfeited	(1,875,000)		0.08	(1,341,250)		0.39
Outstanding, end of period	**10,269,960**	**$**	**0.23**	10,019,900	$	0.22

(Expressed in Canadian Dollars)

6. Share capital (continued):

(e) Stock options (continued):

The following table summarizes information about the stock options outstanding at September 30, 2015:

Exercise price	**Number Outstanding at June 30, 2015**	Expiry date	**Number Exercisable at June 30, 2015**
$ 0.10	399,940	November 16, 2015	399,940
0.10	650,000	March 25, 2016	650,000
0.10	1,100,000	June 24, 2016	1,100,000
0.10	100,000	October 20, 2016	100,000
0.36	100,000	February 3, 2017	100,000
0.60	27,500	February 28, 2017	27,500
0.60	250,000	April 16, 2017	250,000
0.60	1,450,000	July 17, 2017	1,450,000
0.27	350,000	December 19, 2017	350,000
0.27	350,000	January 17, 2018	350,000
0.27	150,000	February 20, 2018	150,000
0.36	250,000	March 31, 2018	250,000
0.19	250,000	August 6, 2018	250,000
0.21	250,000	October 10, 2018	250,000
0.18	700,000	December 1, 2018	700,000
0.18	417,460	February 11, 2019	417,460
0.15	150,000	February 11, 2019	150,000
0.10	1,450,000	July 18, 2019	1,450,000
0.05	125,000	January 31, 2017	125,000
0.10	150,000	February 03, 2020	112,500
0.14	550,000	February 18, 2020	550,000
0.14	250,060	July 03, 2020	250,060
0.14	250,000	July 03, 2020	-
0.14	550,000	July 03, 2020	-
	10,269,960		**9,432,460**

Under the Plan, the exercise price of each option must not be less than the market price of the Company's stock on the date prior to the date of grant and an option's maximum term is five years.

The compensation costs reflected in the consolidated statements of loss and comprehensive loss of $154,514 were calculated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2015	2014
Risk free interest rate	**0% - 2%**	1% - 2%
Expected dividend yield	-	-
Stock price volatility	**134 - 193%**	120 - 198%
Expected life of options	**2 - 5 years**	2 - 5 years

The weighted average fair value of options granted during the nine months ended September 30, 2015 and 2014 is $0.23 and $0.23, respectively.

(Expressed in Canadian Dollars)

7. Change in non-cash operating working capital:

	Three months ended		Nine months ended	
	Sept 30, 2015	Sept 30, 2014	**Sept 30, 2015**	Sept 30, 2014
Accounts receivable	**$ 2,454**	$ (342,939)	**$ (284,359)**	$ (439,093)
Inventory	**3,275**	8,926	**123,765**	(146,562)
Prepaid expenses and deposits	**(44,337)**	16,103	**(66,040)**	173,019
Accounts payable and accrued liabilities	**87,962**	(25,791)	**96,319**	13,714
Deferred revenue	**27,074**	313,883	**(45,715)**	415,446
	$ 76,428	$ (29,818)	**$ (176,030)**	$ 16,524

8. Commitments:

(a) Lease commitment:

The Company's lease for Victoria premises expires on July 31, 2017, and Toronto premises lease expires on September 30, 2021. The future minimum lease payments are as follows:

Not later than 1 year	$ 65,614
Later than 1 year and not later than 5 years	197,512
Later than 5 years	44,447
	$ 307,573

In addition to the minimum rental charges above, the Company is responsible for its share of realty taxes, utilities and common area expenses.

(Expressed in Canadian Dollars)

8. Commitments (continued):

(b) Obligation under finance lease:

The Company finished its long term lease agreement to the financing of equipment. The liability recorded as obligation under finance lease represents the minimum lease payments payable, net of imputed interest, at a rate of 2.38% per annum.

	September 30, 2015	December 31, 2014
Minimum lease payment payable	**$ -**	$ 20,161
Less: portion representing interest to be recorded over the remaining term of the lease	**-**	(44)
Current portion	**-**	(20,117)
Long-term portion	**$ -**	$ -

(c) Litigation:

In the normal course, occasionally the Company is subject to litigation claims. Management believes that all current claims are without cause and is pursuing its defenses diligently.

9. Segmented information:

Management has determined that the Company has one operating segment, which involves the development of advanced software for the cardiology field. Substantially all of the Company's operations, assets and employees are located in Canada. In Q3 2015, and Q3 2014, export sales, primarily to the United States, totaled $128,532 and $128,532, respectively.

	Three months ended		**Nine months ended**	
	Sept 30, 2015	Sept 30, 2014	**Sept 30, 2015**	Sept 30, 2014
Revenue by product is as follows:				
Software	**$ 118,040**	$ 51,290	**$ 334,024**	$ 556,085
Hardware	**85,909**	34,154	**459,693**	127,558
Support	**43,707**	61,217	**153,332**	180,948
Services	**99,136**	16,611	**398,100**	99,122
	$ 346,791	$ 163,272	**$ 1,345,148**	$ 963,713

(Expressed in Canadian Dollars)

10. Financial Instruments

The Company held the following financial instruments:

		September 30, 2015		December 31, 2014
Held for trading, measured at fair value				
Cash	$	**103,874**	$	174,744
Loans and recivables, measured at amortized cost:				
Accounts recievable	$	**514,485**	$	230,126
Due from related party	$	**-**	$	-
Financial liabilites, measured at amortized cost:				
Accounts payable and accrued liabilities	$	**380,958**	$	284,639
Due to related party	$	**1,040,906**	$	981,402
Deferred revenue	$	**312,003**	$	-
Finance lease obligation	$	**-**	$	20,117

The carrying values of cash and cash equivalents, accounts receivable, due to/from related parties and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's primary risk management objective is to protect income, cash flows and shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the risks and the related exposures are consistent with its business objectives and risk tolerance.

11. Financial risk management and financial instruments:

The Board of Directors has primarily been accountable for the establishment and oversight of the Company's financial risk management framework and the Board of Directors delegates senior management with the responsibility for appropriate execution of related strategies. Within the Company's risk management framework, senior management evaluates a variety of alternatives and financial products to augment the risk management process. The Board of Directors reviews and approves all material transactions.

The Company's risk management and treasury policies are intended to: establish acceptable risk boundaries; analyze and identify the risks and opportunities encountered by the Company; monitor and manage the risk exposures due to market changes; and maintain adherence to controls. These policies are reviewed periodically and adjusted accordingly based on the Company's activities and market conditions.

The Company's risk management framework is monitored by the Company's Audit Committee which oversees the appropriateness and adequacy of the risk management framework as it relates to the risks faced by the Company.

(Expressed in Canadian Dollars)

11. Financial risk management and financial instruments (continued):

(a) Credit risk:

Credit risk is a risk of financial loss arising from an unfulfilled contractual obligation due to the Company by a customer or counterparty to a financial instrument. The carrying amount of financial assets represents the maximum credit exposure.

Accounts receivable:

The Company's exposure to credit risk is subject to the concentration of its key customers. The Company's three largest receivable balances due from its customers represent 67% of consolidated accounts receivable at September 30, 2015 (December 31, 2014 – 33%). These three customers have been transacting with the Company for many years without any significant occurrence of losses to the Company.

The maximum exposure to credit risk for accounts receivable by geographic region are as follows:

Canada	$	413,091
U.S.		98,217
Europe		3,177
	$	514,485

The Company records an allowance for doubtful accounts related to accounts receivable that are considered to be non-collectible. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, current business environment, customer and industry concentrations, and historical experience. To reduce credit risk, cash equivalents are only held at major financial institutions and management provides ongoing credit evaluations of its customers' financial condition.

Total accounts receivable as at September 30, 2015 amounted to $514,485 (December 31, 2014 - $230,126), which management believes adequately reflects the Company's credit risk. Of the reported accounts receivable, 27% is determined to be past due, which is defined as amounts outstanding beyond normal credit terms and conditions for the respective customers.

		September 30, 2015		December 31, 2014
Balance, beginning of period	**$**	**36,833**	$	35,188
Increases in allowance for doubtful accounts		**4,119**		1,645
Balance, end of period	**$**	**40,952**	$	36,833

The Company does not believe that it is exposed to an unusual level of credit risk.

11. Financial risk management and financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company manages its liquidity risk by managing its capital structure, including forecasting cash flows. These are complemented with regular reviews of operations, business conditions and seasonality to ensure that adequate future liquidity needs are met with a level of certainty, and within acceptable risk exposure.

The Company's objective is to ensure that it has sufficient available cash on hand to meet normalized operating expenses. The Company's ability to manage liquidity risk is limited by the availability to collect its accounts receivables and to retire a line of credit maturing in December 2015 for which the company may need to secure external financing to support in whole or in part (note 1).

The following are the contractual maturities of financial liabilities, including interest payments as at September 30, 2015:

	Carrying Amount	Within 1 year	1 to 2 years	3 to 5 years
Non-derivative financial liabilities:				
Accounts payable and accrued liabilities	$ 380,958	$ 380,958	$ -	$ -
Due to related party	1,040,906	1,040,906	-	-
Deferred revenue	312,003	312,003	-	-
Lease obligations	307,572	65,614	60,579	136,933

(c) Currency risk:

The functional currency of the Company is the Canadian dollar. The majority of sales are concluded in U.S. dollars, and as such, the Company is exposed to the exchange rate fluctuations in that currency. As at September 30, 2015 the Company's exposure to currency risk on U.S. dollar is as follows: cash balances of $30,065, accounts receivable of $98,217 and accounts payable of $26,313. The Company has not entered into any foreign exchange contracts to hedge this risk. A foreign currency translation gain was recognized for the period of $24,412 (2014 – gain of $8,899).

(d) Interest rate risk:

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

12. Capital risk management:

The Company's objectives in managing capital are to optimize its weighted average cost of capital, and hence, maximize shareholder's value while balancing the interests of debt and shareholders.

Management's strategy of concentrating on the Company's core business, while simultaneously diversifying into other business in which the Company can leverage synergies and its core competencies, is considered concurrently with the use of capital. The Company includes shareholders' deficiency and cash equivalents in its capital definition.

Continuous oversight and control of the capital structure is maintained by senior management and the Board of Directors. The Company is not subject to any externally imposed capital requirements.