

Imex Systems Inc.



COMMON SHARES

March 30, 2016

No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this application

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FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Listing Application and the appendices attached hereto contain forward-looking information based on the best estimates of Imex of the current operating environment. These forward-looking statements are related to, but not limited to, Imex's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "estimate", "intend", "will", "may", "should", "forecast", "project" or similar words suggesting future outcomes. There is significant risk that these predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Imex and historical results and market data may not be indicative of future results and market data. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties including, but not limited to, the following factors: competition, dependence on key customers, protection of intellectual property, infringement of intellectual property, dependence on key personnel and employees, rapid technology developments, defects in products and services, user data/cybersecurity, reliance on collaborative partners, new business areas and geographic markets, operational and financial infrastructure, information technology defects, uncertain economic health of the wider economy, currency fluctuation, changes in taxation, substantial capital requirements, market price and trading volume of the Common Shares, dividend policy, risk of litigation, internal controls, credit risk and liquidity risk.

ITEM 3 SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application.

Prior to the Transaction described below, Ba Ba Capital Inc. ("**Ba Ba**" or the "**Corporation**") did not have an active business, and Ba Ba has not had an active business in the last three years. The Corporation is a reporting issuer under the *Securities Act* (Ontario).

Imex Systems Inc. ("**Imex**") is a corporation incorporated by articles of incorporation dated October 31, 1997 under the *Business Corporations Act* (Ontario). Imex entered into a securities exchange agreement (the "**Securities Exchange Agreement**") dated February 18, 2016 with all of the securityholders of Imex and the Corporation, pursuant to which all of the securityholders of Imex agreed to exchange all of their securities of Imex for securities of the Corporation on a post-Consolidation basis (the "**Transaction**") as follows:

- all common shares of Imex will be exchanged on a one-for-one basis for common shares of the Corporation (the "**Common Shares**");

- all warrants of Imex will be exchanged for warrants of the Corporation on a one-for-one basis (the "**Warrants**");
- each Imex subscription receipt (a "**Subscription Receipt**") will be exchanged for one (1) Common Share and one-half of one (1/2) Warrant;
- all accrued interest under the Imex convertible debentures (the "**Convertible Debentures**") as of the Closing Date shall be paid and satisfied by the issuance of Common Shares at the rate of \$1.00 per Common Share;
- for each \$1 of principal sum, a holder of Convertible Debentures will receive one (1) Common Share and one-half of one (1/2) Warrant, and the Convertible Debentures will be cancelled; and
- each finder option of Imex will be exchanged for one (1) Finder Option.

See below under Item 6 – *Financings* for a further description of recent financings completed by Imex, as well as an additional financing to be completed by Imex prior to completion of the Transaction. The net proceeds from these financings have been used or will be used by Imex for general working capital purposes.

Immediately prior to completion of the Transaction, the Corporation will file articles of amendment effecting: (i) a consolidation of all of the issued and outstanding Common Shares of the Corporation on a 1 for 11 basis (the "**Consolidation**"); and (ii) a change of the name of the Corporation to Imex Systems Inc.

Upon completion of the Transaction, Imex will become a wholly-owned subsidiary of the Corporation and the Corporation will be renamed "**Imex Systems Inc.**".

Imex is a pioneer in public sector modernization and service delivery transformation. Imex has been working with the public sector since 2001 and developed its first integrated e-Government system in 2005. It helps to build smart governments and smart cities. Through its integrated technology platform, it brings people and processes together to achieve higher level of efficiency, transparency and accountability within the government. With its end-to-end service delivery capability, it combines multiple departmental systems within a government into a single enterprise system thereby transforming the way governments deliver services. Through identifying and addressing all components of government interaction, Imex is able to provide a 360 degree relationship between the government and the citizen. See below under Item 5 – *Description of the Business*.

Included in Appendix "A" to this Listing Application are:

- i. the audited annual financial statements of Imex for the years ended December 31, 2014, 2013 and 2012, comprised of: statements of financial position as at December 31, 2014, 2013 and 2012; statements of income and deficit and cash flows for the years ended December 31, 2014, 2013 and 2012; and notes to such statements (the "**Imex Annual Financial Statements**"), each prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**");

- ii. unaudited interim financial statements of Imex for the three and nine month periods ended September 30, 2015 and 2014, comprised of: interim statements of financial position; interim statements of income and deficit and cash flows; and notes to such statements (the "**Imex Interim Financial Statements**"), each prepared in accordance with IFRS as issued by the IASB; and
- iii. unaudited pro forma financial statements of the Corporation as at September 30, 2015 after giving effect to the Transaction (the "**Pro-Forms**"), and notes to such statements.

The Corporation is hereby incorporating by reference in this listing application the following financial statements of the Corporation which are filed on the Corporation's issuer page at www.sedar.com:

- i. the audited annual financial statements of the Corporation for the years ended December 31, 2014, 2013 and 2012, comprised of: statements of financial position as at December 31, 2014, 2013 and 2012; statements of loss and deficit and cash flows for the years ended December 31, 2014, 2013 and 2012; and notes to such statements (the "**Ba Ba Annual Financial Statements**"), each prepared in accordance with IFRS as issued by the IASB;
- ii. unaudited interim financial statements of the Corporation for the three and six month periods ended September 30, 2015 and 2014, comprised of: interim statements of financial position; interim statements of loss and deficit and cash flows; and notes to such statements (the "**Ba Ba Interim Financial Statements**"), each prepared in accordance with IFRS as issued by the IASB.

Three-year Discussion

The following table sets out selected financial data of Imex as it relates to each of the years in the three year period ending December 31, 2014 all of which is qualified by the more detailed information contained in the Annual Financial Statements.

	Year Ended December 31		
(\$000s)	2014	2013	2012
Statement of Operations Data			
Revenue	7,745,683	4,364,355	6,186,163
Operating Expenses	2,254,827	1,133,998	1,221,224
Net Income	1,478,311	285,572	714,699

Statement of Financial Position Data

Total Assets	4,302,470	1,483,951	1,226,574
Current Liabilities	2,222,113	580,155	752,350
Total Liabilities	2,304,363	580,255	752,450

Selected Unaudited Pro Forma Financial Information

The following table sets out selected unaudited pro forma financial information for the Corporation as at September 30, 2015, assuming the Transaction occurred on September 30, 2015, all of which is qualified by the more detailed information contained in the Pro Forms.

Imex Systems Inc.

Proforma Statement of Financial Position
As at September 30, 2015
(in thousands of Canadian dollars)
(unaudited)

	<u>Proforma Consolidated</u>
ASSETS	
Current Assets:	
Cash	\$678,758
Fund held in trust	\$750,000
Accounts receivable	\$6,244,039
Prepaid expenses	\$85,951
Loan receivable from employee	\$35,731
Interest receivable	\$12,119
Notes receivable	\$-
Income taxes recoverable	\$18,019
Non-current assets:	
Property, plant and equipment	\$249,226
Total assets	\$8,073,923
LIABILITIES AND SHAREHOLDERS EQUITY	
Current liabilities:	
Bank indebtedness	\$1,011
Accounts payable and accrued liabilities	\$1,637,592
Salaries payable	\$57,676
Dividends payable	\$180,000
Current portion of long-term debt	\$36,900
Non-current liabilities	
Long-term debt	\$54,485
Total liabilities	\$1,967,664
Shareholders' equity	\$6,106,259
Total liabilities and shareholders' equity	\$8,073,923

Associated risks include (a) competition, (b) dependence on key customers, (c) protection of intellectual property, (d) infringement of intellectual property, (e) brand development, (f) dependence on key personnel and employees, (g) rapid technology developments, (h) defects in products and services, (i) user data/cybersecurity, (j) reliance on collaborative partners, (k) new business areas and geographic markets, (l) operational and financial infrastructure, (m) information technology defects, (n) indemnified liability risk, (o) uncertain economic health of the wider economy, (p) currency fluctuation, (q) changes in taxation, (r) substantial capital requirements, (s) market price and trading volume of Common Shares, (t) dividend policy, (u) risk of litigation, (v) internal controls, (w) credit risk and (x) liquidity risk. See below under Item 21 – *Risk Factors*.

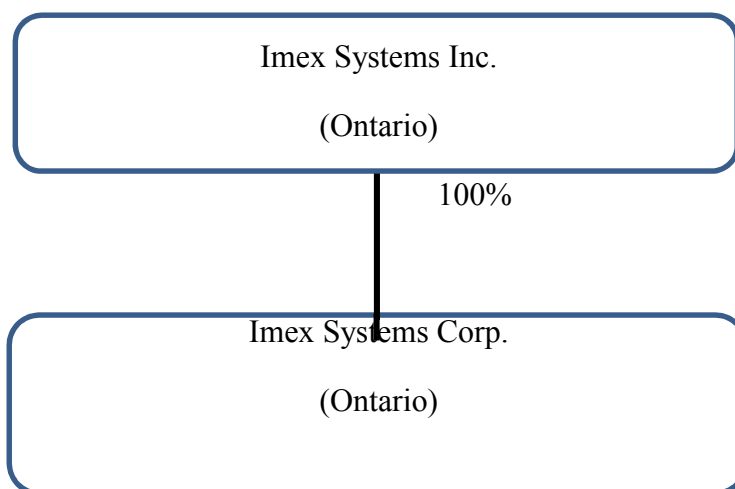
ITEM 4 CORPORATE STRUCTURE

The Corporation is a corporation incorporated as 649132 Ontario Limited by articles of incorporation dated December 30, 1985 under the *Business Corporations Act* (Ontario). On November 13, 1986, the name of the Corporation was changed to Tele-Talk Inc. On August 25, 1995, the name of the Corporation was changed to Stackpal International Inc. and the issued and outstanding shares were consolidated from 4,579,000 to 305,267. On October 9, 1997 the name of the Corporation was changed to Innomat Solutions Corp. On November 17, 1999, the name of the Corporation was change to Carber Capital Corp. On August 17, 2010, the name of the Corporation was changed to Ba Ba Capital Inc. and the issued and outstanding shares of the Corporation were consolidated on a 1 new share for 10 old share basis.

Imex is a corporation incorporated by articles of incorporation dated October 31, 1997 under the *Business Corporations Act* (Ontario).

Upon completion of the Transaction, the head office and registered office of the Corporation will be located at 34 Greensboro Drive, 2nd Floor Toronto, ON M9W 1E1, and its website address will be www.imexsystems.com.

Upon completion of the Transaction, the subsidiary of the Corporation, the jurisdiction of incorporation of the subsidiary and the percentage of voting securities held by the Corporation, will be as follows:



ITEM 5 DESCRIPTION OF THE BUSINESS

Upon completion of the Transaction, the Corporation will be carrying on the business of Imex.

General Description of the Business

Imex is a pioneer in public sector modernization and service delivery transformation. Imex has been working with the public sector since 2001 and developed its first integrated e-Government system in 2005. It helps to build smart governments and smart cities. Through its integrated technology platform, it brings people and processes together to achieve higher level of efficiency, transparency and accountability within the government. With its end-to-end service delivery capability, it combines multiple departmental systems within a government into a single enterprise system thereby transforming the way governments deliver services. Through identifying and addressing all components of government interaction, Imex is able to provide an interactive relationship between the government and the citizen.

The products and services delivered by Imex help governments to provide "Any Time, Any Where, Any Device and Any Channel" convenience for citizens to access government services. Governments can communicate instantly and effectively with their citizens - to keep them well informed, whether it is an emergency or change to a service. This convenience extends to the manner in which governments collect revenue or the disbursing of benefits.

The smart components provided by Imex include: Smart Government, Smart Payments, Smart Customer Service, Smart Citizen Communications, Smart Operations, and Smart Infrastructure.

Over the last decade, Imex's products and services have evolved significantly to meet new challenges and incorporate new and emerging technologies.

Business Objectives and Operations

Imex's mission is to help build the next generation of smart governments and smart cities around the world. Smart Governments utilize technology to better serve their citizens and operate in an efficient and cost effective manner. Smart Cities are cities that become livable, workable and sustainable. Imex provides technology through on-premise licensing as well as a cloud service.

Imex is developing new technologies like Internet of Things, digital payments and using artificial intelligence and robotics to deliver government services.

Imex intends to become a major technology provider for smart cities by partnering with infrastructure firms and engineering firms.

Three-Year History

In the last three years, Imex's business operations have focused on delivering services to a range of public sector entities in both the domestic and international markets.

Domestically

Imex's relationship with clients representing the bulk of its business in Canada are over a decade long and as is customary with public sector contracts, these are required to be periodically renewed, usually for a term of a year to three years, via strictly regulated tender processes and are subject to stringent confidentiality requirements. The services delivered by Imex include the following services for a variety of Canadian public sector clients.

For Canadian Public Sector Clients since 2001:

- Task Based Information and Information Technology Services
- Management Consulting
- Information and Information Technology Solutions Consulting Services
- Citizen Access Centres – Healthcare (Privacy, Projects, SharePoint, Systems Development)
- Health Care Agency (SharePoint)

Recent clients in Canada have included the following:

- For a large city since 2011 - Information Management Services, Business Intelligence Services
- For a large Canadian transit agency since 2014 - Information Management Services, Business Intelligence Services
- For a Township since 2013 - Portal Management and Maintenance, citizen apps for relationship management with citizens with the Township
- For a County since 2015 - A monthly subscription for Pay as you Go services using Imex's iCity solution Internationally

Over the last two years, Imex has also looked to expand its business internationally, including the following:

- Imex commenced operations as a subcontractor in an African country in 2013, liaising via the contractor's project manager to deliver services to the client focused on re-platforming that country's e-Government portal to Imex's iGov, iPay and miGov solutions. Its involvement has now evolved to a direct relationship with the client and it is now in advanced negotiations to secure a direct contract for its services to design, develop and implement the iGov and Eservices solutions for that country.
- In 2015-16, Imex conducted a number of pilot projects in the Middle East, Pakistan and in India. As a result of these efforts, Imex has signed a MOU with a government in South Asia with a population base of approximately 49 million for the development and implementation of interactive e-government services for that government.

Products

iGov

iGov is a modular Smart Government framework with a suite of modules that help all levels of government to deliver services and information, automate and optimize internal operations, and improve staff productivity while reducing costs of governance. iGov helps deliver services and

receive payments through multiple channels – Web, Mobile, interactive voice response (IVR), Contact Center, Over the Counter and Kiosks. iGov is the most flexible, highly integrated yet modular system on the market today. It is robust and secure, while providing real time visual information. The iGov platform offers the following services:

iCity

iCity-CSP is a complete local e-Government framework that helps cities to become smart, deliver city services in a convenient manner, efficiently manage city operations and city infrastructure, provide superior customer service to enhance citizen satisfaction, and help better comply with regulatory requirements. iCity-CSP is built on the iGov core framework and incorporates city government and infrastructure related specific features and services. iCity supports IOT (Internet of Things) and helps monitor and manage practically every device in the city

iPay

The iPay payment engine is the heart of the e-Commerce and payments capability for Governments. iPay is an integrated multi-channel, multi-mode payment system specifically designed for government to receive payments and better manage revenue collection. iPay brings unprecedented scalability and functionality to government by handling electronic payments through various channels, both automated channels like web, mobile, IVR, Kiosks and through manual channels like over the counter and contact center. iPay includes touch screen based POS units through desktop workstations as well as through inexpensive tablets. iPay also facilitates tax and fee collection by field staff using mobile devices. iPay complies with payment card industry (PCI) data security standards.

Other iPay features:

- supports convenience fees and taxes;
- can be used as part of the iGov framework or as an independent payment application;
- accepts all modes of payments (i.e., credit cards, debit cards, digital wallets, cheques, drafts and pre-authorized bank account debits) and has the ability to accept debit cards both at the point-of-sale (POS) terminal as well as on the web; and
- can integrate/interface with virtually any financial system and backend application.

miGov

miGov is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access Government services and information. It is a combination of a Citizen facing Mobile App, Mobile Management Infrastructure and iGov, creating a Mobile Government framework. miGov enables citizens to obtain information, access services and make mobile payments. miGov supports location based services with full geographic information system (GIS) integration.

miGov obtains the relevant info from iGov-Portal, iGov-ESD and iGov-CRM. All transaction data is updated and stored within iGov. All payments are processed through iPay.

miGov is a downloadable mobile app from app stores and it supports both smartphones and tablets using Apple iOS, Android, and Windows operating systems.

miCity

miCity is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access local government services and information. miCity supports location based services with full GIS integration. miCity can seamlessly integrate with a city's back end applications. The miCity platform provides a wide variety of information related to the City and delivers many City services. These include Waste & Recycling, Service Requests, Payments, etc.

miPay

mi-Pay integrates with iPay and helps to accept payments from citizens using mobile devices like smartphones and tablets. mi-Pay can be used within the government's facilities or at any outdoor events or by mobile staff to process payments. mi-Pay does not need special hardware.

mi-Pay transactions are encrypted and carried over secure connections to ensure maximum security. It accepts both credit and debit card payments, and it supports card swipes and Chip/PIN to process payments.

iDocs

iDocs is a web-based electronic billing/statement presentment and payment solution for governments and businesses to leverage the internet to reduce costs and improve cash flow, increase operational efficiency and enhance customer relationships, while reducing paper.

This comprehensive solution enables organizations to electronically present their statements, bills or invoices and receive payments through their website, twenty-four hours per day, seven days a week.

Some of the features of iDocs include:

- Supports all major credit cards, debit cards (Interac) and bank cards from pre-authorized account debits;
- Supports user definable workflow for invoice processing;
- Provides a scalable and cost effective system;
- Implemented quickly without a large upfront investment;
- Extensive administrative audit functions;
- Offers detailed reporting functionality

The system effortlessly handles simple bills and statements to large complex business-to-business statements and invoices of multiple types securely and conveniently. The iDocs suite includes: Electronic Bill Presentment and Payment (EBPP), Electronic Invoice Presentment & Payment (EIPP) and Electronic Statements Presentment (ESP).

Services

Imex develops custom solutions as well as implements Commercial-Off-The-Shelf (COTS) products. Imex's services are provided on all major software and hardware platforms from Microsoft, IBM, Oracle, HP and others.

Imex provides the following management consulting services:

- Development of e-Government Strategies
- Business Cases for eServices and Contact Centers
- Business Analysis and Requirements
- Enterprise Architecture
- Business Process Review
- Business Process Re-engineering and Optimization
- Performance Measurement
- Program Management

Imex provides the following IT services:

- Business Process Automation
- Enterprise Application Integration
- Custom Application Design and Architecture
- Application Development & Maintenance
- Legacy Application Migration
- Application Modernization
- Testing and Quality Assurance
- Deployment and Support
- Data Conversion, Migration and Maintenance
- Database Administration
- Security and Infrastructure support
- Application Hosting
- Mobile Applications

Revenues

Imex earns revenues through the sale of licenses to federal governments, provincial/state governments and large cities, and cloud based services to small to medium size local governments, on both a transaction fee and monthly subscription fee based model. Imex also provides management and IT consulting services to all levels of governments.

Current clients in Canada include the provinces of Ontario, Nova Scotia, Newfoundland and Labrador, Alberta and Saskatchewan. Some of Imex's municipal clients in Ontario include: City of Toronto, Sturgeon County, City of Barrie, King City, Town of Fort Erie, Hamilton, Region of Waterloo and Durham Region. Imex is also expanding internationally with contracts in Africa and the Middle East.

Market Trends

The public sector market is becoming more favourable to the outsourced services delivery model, which is resulting in a shift towards delivering products and services to their constituencies using cloud solutions from custom developed platforms. Mobile services and payments is emerging as the future of service delivery, primarily based on user fee models.

Governments are facing extreme budget pressures and looking for ways to reduce costs, while at the same time citizens are demanding better service through modern technology. This is resulting in the concept of Smart Government taking root to provide services in an integrated fashion with better efficiencies. Also, many governments in developed world need to modernize their systems which were installed for Y2K.

The market for e-Government is strong in emerging countries which are racing to modernize their public sector and transform citizen service delivery. International institutions like World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), United States Agency for International Development, etc., are encouraging emerging countries to become efficient, transparent and accountable, and providing significant amount of funding for their e-Government initiatives.

The expected global market size for smart cities is \$1.5 Trillion (cumulative) by 2020, out of which smart governance is expected to be about 12% - \$180 Billion (Source: Frost & Sullivan). According to Frost & Sullivan, the majority of smart city projects are developed under a Build and Operate Managed (BOM) business model, which means that the smart city planner appoints a trusted partner to develop the city infrastructure and services. The partner operates and manages the smart city services. The city planner has no further role thereafter.

North America Growth

In Canada, there are 3,950 local governments (Region, County, City, Town), plus each of the provinces. In the United States, there are 38,967 local governments, plus each of the states. Currently, less than 10% of these bodies have at least one simple e-Service.

Imex has already established a proven concept, both in terms of the technology and revenue model, and has built a strong relationship with many governments in Canada. Imex is in constant discussion with governments throughout North America in order to organically grow its business footprint. In addition, Imex will also look to grow its business in North America by acquiring firms with an existing municipal customer base in managed processing and transaction based services. Imex also believes that there will be opportunities to expand the market opportunity by developing relationships with banks and communications services providers which both provide gateways to payments and electronic services.

International Growth

Emerging countries are undergoing massive transformation and have ambitious citizen service improvement plans. They want to make effective use of modern technology and they have no legacy systems impeding the change. As a result, they are able to effectively make use of the lessons learned in developed countries.

At the same time, emerging countries are also under pressure to improve transparency and efficiency from international agencies like the World Bank, IMF, ADB, United States Agency for International Development, etc. Imex will look to develop relationships with these agencies to assist in expanding the market opportunity in emerging countries.

Imex's current pipeline includes projects in the Middle East, Africa and Asia. Imex will continue to target emerging countries in Africa and the Middle East where it has been successful in generating organic business opportunities. Imex will also look to establish business relationships with emerging countries in other parts of the world such as the Caribbean and Latin/South America. A final priority for Imex will be to look to English-speaking countries outside of North America such as Australia, New Zealand and the United Kingdom.

Competitive Conditions

There are a number of companies worldwide which provide specialized vertical public sector solutions like permits, licenses, payments etc. NIC Inc. is a strong competitor in the area of transaction based services in the United States. However, Imex is a niche smart government technology provider with an integrated platform that is unique and provides everything a government requires to deliver services effectively.

Employees

Immediately following the completion of the Transaction, the Corporation and its subsidiary, Imex, expect to have approximately ten full-time employees and five part time employees located in Toronto, Canada. Of the 15 employees, 12 are involved in software and product development, one is involved in sales, one is involved in marketing and one is involved in executive management, finance and administration.

Imex expects to be hiring additional employees in the near future, but exact figures are not known at this time.

Imex believes that its success will be dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills related to the e-services and payments business. Imex believes it will have adequate personnel with the specialized skills required to successfully carry out its operations and business objectives.

Facilities

The head office of Imex is located at 34 Greensboro Dr, Toronto, Ontario, which is leased by Imex. Imex also has representative offices in Washington, DC (USA), Dubai (UAE), Tokyo (Japan) and is in the process of establishing an office in India.

ITEM 6 FINANCINGS

Imex has sold the following securities over the past twelve months:

- 240,000 Units (the "**Units**") at a subscription price of \$1.00 per Unit. Each Unit consists of one common share of Imex and one-half of one warrant (a "**Warrant**"), each whole

Warrant entitling the holder to subscribe for one common share of Imex at an exercise price of \$1.50 per common share for a period of 18 months from the completion of a Going Public Event (being any one of: (i) an initial public offering by Imex; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange; (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of Imex with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States); provided, however, that in the event that the closing price of the outstanding common shares on the stock exchange on which the common shares are listed is greater than \$2.25 for a period of 20 consecutive trading days at any time after the Going Public Event, Imex may, at its option, accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire at 4:00 p.m. (Toronto time) on the date which is the earlier of: (i) the 30th day after the date on which such notice is given by Imex; and (ii) 18 months following the completion of a Going Public Event.

- \$2,055,000 principal amount of Convertible Debentures (the "**Debentures**") paying interest at a rate of 10% per annum, calculated quarterly and payable in arrears upon the earlier of Maturity or a Going Public Event. Interest may be accrued and paid in cash or common shares at the option of the Issuer. Maturity is 24 months from the date of issuance of the Debentures. The Debentures shall be automatically converted into Units at a price of \$1.00 per Unit immediately prior to a Going Public Event.
- 700,000 Subscription Receipts (the "**Subscription Receipts**") at a subscription price of \$1.00 per Subscription Receipt. Each Subscription Receipt shall be automatically exchangeable into one (1) Unit immediately prior to a Going Public Event. The Subscription Receipts required a Going Public Event to be completed by December 17, 2015, otherwise the funds were to be returned to the investors. Since the Going Public Event was not completed by December 17, 2015, \$650,000 was returned to the investors, and one of the investors holding \$50,000 of Subscription Receipts agreed to provide an extension until April 30, 2016 for the completion of the Going Public Event.

See below under Item 10 – *Description of Securities to be Listed* for a description of the Common Shares of the Corporation which will be issued in exchange for the Units, Debentures and Subscription Receipts upon completion of the Transaction.

The TSX Venture Exchange has conditionally approved the listing of the Common Shares of the Corporation. Listing is subject to the Corporation fulfilling all of the requirements of the TSX Venture Exchange on or before June 30, 2016.

New Issue

Imex expects to complete an issuance of a minimum of 250,000 Units up to a maximum of 400,000 Units prior to completion of the Transaction, for gross proceeds of up to \$400,000 (the "**New Issue**"). The proceeds from the financing will be used for general corporate purposes.

Principal Purposes of Funds

As of February 29, 2016, Imex had \$184,000 cash and cash equivalents and Ba Ba had nominal cash and cash equivalents. In addition, the \$50,000 currently in escrow relating to the Subscription Receipts shall be released to Imex upon completion of the Transaction. Assuming completion of the maximum amount of the New Issue (less \$28,000 for finder's fees related to the New Issue), the Corporation will have \$606,000 available upon completion of the Transaction.

The following table sets out the principal purposes, using approximate amounts, for which the Company currently intends to use its available working capital on completion of the Transaction.

Item	Approximate Amount (\$)
Transaction costs related to the Acquisition	\$80,000
Capital Expenditures	\$70,000
Accounts Payable and short-term loans	\$130,000
Unallocated Working Capital	\$326,000
Total	\$606,000

ITEM 7 DIVIDENDS AND OTHER DISTRIBUTIONS

The Corporation has not paid any dividends in the three most recently completed financials years or its current financial year. Imex has paid the following dividends in each of the three most recently completed financials years: 2014 - \$384,000; 2013 – \$156,000; and 2012 - \$78,986.

While there are no restrictions precluding the Corporation from paying dividends, the Corporation's current policy is, and upon completion of the Transaction will continue to be, to retain earnings and use all available cash resources towards its stated business objectives.

In addition, any future determination by the Corporation to declare and pay dividends will be at the discretion of the Corporation's board of directors (the "**Board**") based on the Corporation's financial condition, results of operations, capital requirements and other relevant factors at the relevant time.

ITEM 8 MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Imex for the Years Ended December 31, 2014, 2013 and 2012 ("**Annual MD&A**") is attached hereto as Appendix "B". It includes financial information from, and should be read in conjunction with, the Annual Financial Statements, which are attached hereto as Appendix "A".

Management's Discussion and Analysis of Imex for the three and nine months ended September 30, 2015 ("**Interim MD&A**") is attached hereto as Appendix "C" and includes financial information from, and should be read in conjunction with, the Interim Financial Statements and

the Annual Financial Statements, which are attached hereto as Appendix "A" and the Annual MD&A, which is attached hereto as Appendix "B".

The Corporation is hereby incorporating by reference in this listing application the following Management's Discussion and Analysis of the Corporation which are filed on the Corporation's issuer page at www.sedar.com:

- i. Management's Discussion and Analysis of the Corporation for the Years Ended December 31, 2014, 2013 and 2012 ("**Ba Ba Annual MD&A**"). It includes financial information from, and should be read in conjunction with, the Ba Ba Annual Financial Statements; and
- ii. Management's Discussion and Analysis of the Corporation for the three and nine months ended September 30, 2015 ("**Ba Ba Interim MD&A**") and includes financial information from, and should be read in conjunction with, the Ba Ba Interim Financial Statements and the Ba Ba Annual Financial Statements.

ITEM 9 DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

The authorized capital of the Corporation consists of an unlimited number of Common Shares of which there are currently 30,209,974 issued and outstanding prior to completion of the Consolidation. Upon effecting the Consolidation immediately prior to completion of the Transaction, the current issued and outstanding Common Shares will be reduced from 30,209,974 to 2,746,361.

Imex has issued and outstanding the following securities: 10,240,000 common shares; \$2,055,000 principal amount of Convertible Debentures; 50,000 Subscription Receipts; 120,000 Warrants; and, 122,150 finder options (the "**Finder Options**"), each Finder Option exercisable into a Unit for a period of 18 months following completion of the Going Public Event at an exercise price of \$1.00 per Unit.

The 10,240,000 common shares of Imex and any common shares of Imex issued pursuant to the New Issue will be exchanged for Common Shares of the Corporation on a one-for-one basis, so assuming the New Issue is fully subscribed, there will be 10,640,000 Common Shares of the Corporation issued upon the exchange. In addition, there will be 320,000 Warrants issued upon the exchange.

The conversion of the Convertible Debentures will result in the issuance of 2,055,000 Common Shares and 1,027,500 Warrants. In addition, 182,732 Common Shares will be issued to satisfy the interest payments under the Convertible Debentures.

The automatic exchange of the Subscription Receipts will result in the issuance of 50,000 Common Shares and 25,000 Warrants.

Upon completion of the Transaction and assuming the New Issue is fully subscribed, the issued and outstanding share capital of the Corporation shall be comprised of the following: 18,174,093 Common Shares (including the Performance Shares) and 1,372,500 Warrants.

ITEM 10 DESCRIPTION OF SECURITIES TO BE LISTED

Holders of Common Shares are entitled to receive on a *pro rata* basis dividends if, as and when declared by the Board, subject to the prior rights of the holders of any shares ranking senior to the Common Shares in the payment of dividends. In the event of the dissolution, liquidation or winding-up of the Corporation, the holders of the Common Shares, subject to the prior rights of the holders of any shares ranking senior to the Common Shares with respect to priority in the distribution of the property and assets of the Corporation upon dissolution, liquidation or winding-up, will be entitled to receive on a *pro rata* basis the remaining property and assets of the Corporation. Holders of Common Shares are entitled to receive notice of, attend and vote at any meeting of the Corporation's shareholders, except meetings where only the holders of another class or series of shares are entitled to vote separately as a class or series. The Common Shares carry one vote per share.

ITEM 11 CONSOLIDATED CAPITALIZATION

See Item 9 – *Disclosure of Outstanding Security Data on Fully-Diluted Basis* for details on the consolidated capitalization of Imex prior to completion of the Transaction.

The following table estimates the share capital of the Corporation before and after giving effect to the Consolidation and the Transaction.

Capital	Amount outstanding as of September 30, 2015	Amount outstanding as of the date of this Listing Application	Amount outstanding assuming completion of the Consolidation and the Transaction
Common Shares.....	30,209,974	30,209,974	18,174,093 ⁽¹⁾⁽²⁾
Warrants.....	Nil	Nil	1,372,500 ⁽²⁾
Finder Options.....	Nil	Nil	150,150 ⁽²⁾

(1) Includes 2,500,000 Performance Shares. See below under Item 17 – *Executive Compensation* – "Compensation Discussion and Analysis".

(2) Assumes the New Issue will total 400,000 Units for gross proceeds of \$400,000.

ITEM 12 STOCK OPTION PLAN

The following information is intended as a brief description of the Corporation's Stock Option Plan (the "**Stock Option Plan**") and is qualified in its entirety by the full text of the Stock Option Plan.

The Stock Option Plan was approved by the Corporation's shareholders at a meeting held on March 14, 2016. The Stock Option Plan was adopted to provide the Corporation with a share ownership incentive to attract, retain and motivate qualified executives, directors, employees and consultants, to reward those executives, directors, employees and consultants for their contributions toward the long term goals of the Corporation and to enable and encourage such executives, directors, employees and consultants to acquire Common Shares as long term investments.

The Stock Option Plan provides that, subject to the requirements of the TSX Venture Exchange (the "**Exchange**"), the aggregate number of Common Shares reserved for issuance, set aside and made available for issuance under the Stock Option Plan may not exceed 10% of the number of Common Shares outstanding from time to time. The maximum number of Common Shares which may be reserved for issuance in any 12 month period to any one individual, upon exercise of all stock options held by that individual, may not exceed 5% of the issued and outstanding Common Shares, calculated at the date the option was granted. The maximum number of options which may be granted to any one consultant, in any 12 month period, shall not exceed 2% of the issued and outstanding Common Shares, calculated at the date the option was granted. The maximum number of options which may be granted in any 12 month period to participants under the Stock Option Plan engaged in investor relations activities may not exceed 2% of the issued and outstanding Common Shares, calculated at the date the option was granted.

The Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder. Options may be granted under the Stock Option Plan to such directors, officers, employees or consultants of the Corporation and its affiliates, if any, as the Board may from time to time designate. The exercise price of any options granted under the Stock Option Plan shall be determined by the Board, but if the Common Shares are listed on the Exchange on the date of the grant, the exercise price may not be less than the market price of the Common Shares on the Exchange on the date of the grant (less any discount permissible under Exchange rules). The term of any options granted under the Stock Option Plan shall be determined by the Board at the time of grant, however, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the Stock Option Plan may not exceed ten years.

Options granted under the Stock Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Subject to certain exceptions, in the event that an employee, director, officer or consultant ceases to hold office, options granted to such holder under the Stock Option Plan will expire 90 days after such holder ceases to hold office. Notwithstanding the foregoing, in the event of a termination for cause of an option holder all unexercised options held by such option holder shall immediately terminate, and in the event that a participant engaging in investor relations activities ceases to act for the Corporation any options held by such holder shall expire 30 days after ceasing to act for the

Corporation. In the event of death of an option holder, options granted under the Stock Option Plan expire upon the earlier of the normal expiry date of the options or 1 year from the date of the death of the option holder.

As of the date of this Listing Application, no stock options have been granted under the Stock Option Plan.

ITEM 13 PRIOR SALES

In the past 12 months, the Corporation has issued the following securities:

Date of Issuance	Aggregate Number and Type of Securities Issued	Price per Security
June 22, 2015	14,017,370 Common Shares	\$0.10 ⁽¹⁾⁽²⁾

(1) Common Shares were issued as consideration for the settlement of debt at \$0.10 per share.

(2) On a post-Consolidation basis, the issue price is \$1.10 per share.

In the past 12 months, Imex has issued the following securities:

Date of Issuance	Aggregate Number and Type of Securities Issued	Price per Security
April 22, 2015	160,000 Units	\$1.00
April 22, 2015	\$470,000 principal amount of Debentures	N/A
May 4, 2015	\$250,000 principal amount of Debentures	N/A
June 17, 2015	80,000 Units	\$1.00
June 17, 2015	700,000 Subscription Receipts ⁽¹⁾	\$1.00
June 17, 2015	\$1,285,000 principal amount of Debentures	N/A
June 17, 2015	122,150 Finder Options	N/A
July 6, 2015	\$50,000 principal amount of Debentures	N/A

(1) The Subscription Receipts required a Going Public Event to be completed by December 17, 2015, otherwise the funds were to be returned to the investors. Since the Going Public Event was not completed by December 17, 2015, \$650,000 was returned to the investors, and one of the investors holding \$50,000 of Subscription Receipts agreed to provide an extension until April 30, 2016 for the completion of the Going Public Event. The completion of the Transaction and the proposed listing of the Common Shares on the TSX Venture Exchange will qualify as a Going Public Event.

ITEM 14 ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following securities of the Corporation will be escrowed.

	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Designation of class	Number of securities held in escrow	Percentage of class	Number of securities to be held in escrow	Percentage of class
Common Shares	Nil	Nil	11,501,578 Common Shares ⁽¹⁾⁽²⁾	63.3% ⁽⁴⁾
Common Shares	Nil	Nil	2,500,000 Common Shares ⁽¹⁾⁽³⁾	13.8% ⁽⁴⁾

(1) The Common Shares set forth in the table above will be held in escrow by the Escrow Agent pursuant to an Escrow Agreement. Upon the Company completing the Transaction, the escrowed securities shall be released according to the following schedule: 10% immediately following the issuance of the Final Exchange Bulletin; and 15% on each of 6, 12, 18, 24, 30 and 36 months following the issuance of the Final Exchange Bulletin.

(2) This figure includes 1,274,306 Common Shares that remains subject to further review by the TSX Venture Exchange as to the applicable escrow, if any.

(3) These Common Shares are subject to the Performance Escrow Agreement described below under Item 17 – *Executive Compensation* – "Compensation Discussion and Analysis". If these Common Shares are earned under the terms of the Performance Escrow Agreement, they will then become subject to the terms of the escrow agreement described under Note (1) above to the extent time remains under that escrow agreement.

(4) Assumes the New Issue will total 400,000 Units for gross proceeds of \$400,000.

ITEM 15 PRINCIPAL SECURITYHOLDERS

Assuming completion of the Transaction, to the knowledge of the Corporation's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the voting rights attached to any class of voting securities of the Corporation other than:

Name	Type of Ownership	Number of Common Shares at Date of Listing Application	Percentage of Common Shares at Date of Listing Application	Number of Common Shares Assuming Completion of the Transaction	Percentage of Common Shares Assuming Completion of the Transaction
Damodar Arapakota ⁽¹⁾⁽²⁾	Beneficially ⁽¹⁾	N/A	N/A	12,500,000 ⁽¹⁾	68.8% ⁽³⁾⁽⁴⁾

(1) This figure includes: (A) 10,000,000 Common Shares registered to The Arapakota 2006 Family Trust, of which Damodar Arapakota is a beneficiary; and (B) 2,500,000 Common Shares, which are subject to the Performance Escrow Agreement, registered to Damodar Arapakota.

(2) Damodar Arapakota, members of his immediate family, any trusts of which they are the sole beneficiaries or any corporation which is wholly-owned by them are the beneficiaries of The Arapakota 2006 Family Trust. The Arapakota 2006 Family Trust is required to have three trustees at all times and all decisions of the Trust are made by a majority vote of the Trustees. The three Trustees are: Damodar Arapakota (Mississauga, Ontario); Padma Arapakota (Mississauga, Ontario); and Krishnasamy Parthiban (Toronto, Ontario).

(3) Assumes the New Issue will total 400,000 Units for gross proceeds of \$400,000.

(4) The figure is 63.2% on a fully-diluted basis.

ITEM 16 DIRECTORS AND EXECUTIVE OFFICERS

Immediately following completion of the Transaction, the directors of the Corporation will be Damodar Arapakota (Chairman), Martin Bernholtz, Krishnasamy Parthiban, Pradeep Sood and Len Crispino. Each of the directors of the Corporation will hold office until the next annual general meeting of the Corporation's shareholders unless the director's office is earlier vacated or the director becomes disqualified to serve as a director.

The following table sets forth the name, province and country of residence, anticipated position with the Corporation, principal occupation during the previous five years and the pro forma number of voting securities beneficially owned, directly or indirectly, or over which control or discretion is exercised, for the directors and executive officers of the Corporation after giving effect to the Transaction.

Name and Residence and Position with the Corporation	Principal Occupation for Five Preceding Years	Number and Percentage of Common Shares Beneficially Owned, Directly or Indirectly, or Over which Control or Discretion is Exercised ⁽¹⁾
Damodar Arapakota..... Ontario, Canada, <i>Chief Executive Officer and Chairman</i>	President and Chief Executive Officer of Imex	12,500,000 Common Shares (68.8%)
Michael Frank..... Ontario, Canada, COO	Interim President and CEO, Internet of Things Inc; President and CEO Sprylogics International Corp.	13,636 Common Shares (0.08%)
Daniel Crandall..... Ontario, Canada, CFO and Secretary	Senior Manager, Marrelli Support Services Inc. (2013 to present); Manager, Collins Barrow Toronto LLP (2006 to 2013)	Nil
Martin Bernholtz ⁽²⁾ Ontario, Canada, <i>Director</i>	Vice President of Finance at Kerbel Group Inc.	213,636 Common Shares (1.2%)
Krishnasamy Parthiban ⁽²⁾ Ontario, Canada, <i>Director</i>	Consultant	Nil

Pradeep Sood ⁽²⁾ Ontario, Canada, <i>Director</i>	Chairman of Highbury Canaco Corporation; Owner of XactScribe; CEO of Starling Corporation	Nil
Len Crispino..... Ontario, Canada, <i>Director</i>	President of The Foreign Affair Winery	Nil

(1) Assumes 18,174,093 Common Shares issued and outstanding after the completion of the Transaction. The information as to the number of Common Shares to be owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the proposed directors and officers of the Corporation as of March 30, 2016 (the date of this Listing Application).

(2) Member of the Audit Committee of the Corporation.

Management of the Corporation

The following is a brief description of the background and experience of each member of the Corporation's management team and Board upon completion of the Transaction. Each of the following persons is currently also an officer and director of Imex, as applicable, with the exception of Len Crispino.

Damodar Arapakota – Director, Chairman of the Board and Chief Executive Officer (Age: 60)

Damodar Arapakota is the founder and Chairman of Imex Systems Inc. Damodar has a master's degree in engineering and has over 30 years of experience in the software industry in a variety of roles and positions. He has brought his unique skills to bear in managing companies, conceptualizing innovative products, and in managing the development of new products and technologies. He is a recognized thought leader in e-Government and citizen services delivery by Governments world-wide and is extensively involved with Smart Government and Smart City initiatives via his participation in organizations like the Smart City Council and the Intelligent Community Forum. He is also on the board of governors for I-Canada.

Mr. Arapakota expects to devote 100% of his time to the affairs of the Company.

Michael Frank – COO (Age: 55)

Michael Frank is President of Mifran Consulting focusing on early stage planning and business development for emerging companies. Mr. Frank is interim President and Chief Executive Officer of Internet of Things Inc., a TSXV listed company. Mr. Frank served as the Chief Executive Officer of Sprylogics International Corp, a software company focused on semantic and local search from July 2007 to September 2011, and also served as a consultant until March 2014. In the past, Mr. Frank served as a Senior Consultant with Woods Gordon, where he managed a variety of accounts for clients using IBM mid-range systems. Mr. Frank also served as Vice President of Strategic Alliances at Medcomsoft Inc., where he developed and managed all key strategic partnerships to accelerate market penetration and to build market share in the healthcare industry. Mr. Frank has over 20 years of experience in the high technology sector in

operations, business development, mergers and acquisitions, and raising funding in the capital markets. In the past he served as an Executive Vice President of Hutchison Avenue Software where he was instrumental in the sale of the company to Intuit Corporation, as well as Vice President of Business Development at BrandEra.com, an online marketplace for the advertising community. He has also held senior sales/marketing roles at Data General, and NCR. Mr. Frank is a graduate from McGill University.

Mr. Frank expects to devote approximately 30% of his time to the affairs of the Company.

Daniel Crandall – Chief Financial Officer and Secretary (Age: 32)

Daniel Crandall has 10 years of professional experience as Chief Financial Officer and in the areas of accounting, regulatory compliance, and management advise to numerous issuers on the TSX, TSX-Venture and other Canadian and US exchanges. Dan is a CPA, CA and has an Honours Bachelor of Accounting (Co-op) degree from Brock University. Previously, he was a Manager at Collins Barrow Toronto LLP, a public accounting firm, where he worked for over five years.

Mr. Crandall expects to devote approximately 10% of his time to the affairs of the Company.

Martin Bernholtz – Director (Age: 57)

Mr. Bernholtz has been a chartered accountant since 1983 and has held the position of Vice President of Finance at Kerbel Group Inc., an integrated real estate developer, since 1988. He has served as a director and officer of various public, private and condominium corporations over the past 20 years. Mr. Bernholtz previously spent eight years with Laventhol & Horwath in the Litigation Support and Business Valuation area. Mr. Bernholtz graduated from York University with a Bachelor of Business Administration degree in 1981.

Mr. Bernholtz expects to devote approximately 5% of his time to the affairs of the Company.

Krishnasamy Parthiban – Director (Age: 68)

Kris Parthiban has over 20 years of senior executive experience in operations to general management and corporate finance in manufacturing, software, real estate and energy related industries.

Kris has held senior positions in major corporations: Director of Engineering at Hallmark Cards, Direct of Program Development at American Greetings, Vice President of Human Resources and Planning at Newstar Technologies, President of Crystonics Limited, a fiber optics company, President of Strategy Energy Corporation and as Vice President of Tier1 Advisory Inc., a real estate investment advisory group.

Currently Kris is consulting several organizations in real estate development strategies for projects in Canada and international.

Kris graduated from IIT, Madras, India and has M. Eng. and M.B.A degrees from McMaster University, Hamilton, Ontario.

Kris has also been involved in community and political activities over 20 years. He is a founder of several community service organizations, and has served also in executive positions in political organizations, and contested as the Liberal candidate in Scarborough in Ontario Provincial Election. He also serves as president of South Indian Chamber of Commerce of Canada.

Mr. Parthiban expects to devote approximately 5% of his time to the affairs of the Company.

Pradeep Sood – Director (Age: 62)

Pradeep Sood is a successful business man based in Toronto with over 35 years' experience internationally at both Senior Management and operations levels.

He is Chairman and shareholder of Highbury Canaco Corporation, a food processing company out of Leamington, Ontario employing over 350 workers. Pradeep is founder and owner of XactScribe Inc., an Ontario based digital transcription company. He is also CEO of Starling Corporation, a management consulting company that helps small businesses in four key areas – Market Research, Business Development, Supply Chain and Financing.

Pradeep is the former Chair of the Ontario Chamber of Commerce and has served as a Director on the Boards of both the Toronto Board of Trade and the Canadian Chamber of Commerce.

Passionate about giving back to the community, Pradeep has organized numerous fundraising events to support community organizations including the Royal Ontario Museum, Harbourfront Centre, the Textile Museum of Canada and the Bridgepoint Health Foundation.

Pradeep is a graduate of Delhi University, India with an Honours degree in Economics and has a Chartered Accountant designation from the Institute of Chartered Accountants of India. He is a member of the Institute of Corporate Directors at the University of Toronto's Rotman School of Management.

Mr. Sood expects to devote approximately 5% of his time to the affairs of the Company.

Len Crispino – Director (Age: 67)

Len Crispino is the Founder and President of The Foreign Affair Winery—a recipient of the Premier's Award for Innovation. He has had a successful 28 year career in senior management positions within the Government of Ontario along with some 10 years as President & CEO of the Ontario Chamber of Commerce. During that period that has also included a three year assignment to Italy as Ontario's chief trade representative.

He has an MBA in marketing from York University and a Master's and BA from UoT. He holds a professional ICD.D designation for Board Governance from the Institute for Corporate Directors at Rotman School.

His Board experience has included a 3 year Directorship on the Board of Automodular Corporation (publicly traded) serving also on the company's Diversification Strategy

Committee. Other Board appointments have included responsibility as Chair of the Niagara College Board of Governors as well as Chair of that institution's Priorities & Planning Committee and Chair of the Presidential Performance Review Committee.

Mr. Crispino also served on a number of other community boards such as the Willian Osler Health Centre Foundation; Seneca International and the Canadian-Italian Business and Professional Association. For 18 months he was also asked to serve as one of ten Canadian Mentors on the Trudeau Foundation.

Mr. Crispino expects to devote approximately 5% of his time to the affairs of the Company.

Corporate Cease Trade Orders or Bankruptcies

Other than as described below, no director, proposed director or executive officer of the Corporation is, or within the ten years prior to the date of this Listing Application has been, a director or executive officer of any company, including the Corporation, that while that individual was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Frank was a director of Sprylogics International Corp. when, in June of 2009, the company was unable to file its annual financial statements for the fiscal year ended January 31, 2009 by the prescribed deadline due to a lack of working capital. The company applied for and received a Management Cease Trade Order dated June 15, 2009 from the Ontario Securities Commission (the "MCTO"). As a result of the delay in filing the annual financial statements for the fiscal year ended January 31, 2009, the company was unable to file, before the prescribed deadline, its interim quarterly financial statements for the three month periods ended April 30, 2009, July 31, 2009 and October 31, 2009. The company has since filed all of the aforementioned outstanding annual and interim financial statements, and the MCTO expired on January 20, 2010.

Penalties or Sanctions

None of the proposed directors, officers, promoters or Control Persons of the Corporation have been subject to any penalties or sanctions imposed by a court or by a securities regulatory authority relating to securities legislation, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable person making an investment decision relating to the Corporation's securities.

Personal Bankruptcies

None of the proposed directors, officers, promoters or Control Persons of the Corporation or a personal holding company of such Persons have, during the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and Control Persons of the Corporation may be subject in connection with the operations of the Corporation. All of such persons are engaged in or involved with and will likely continue to be engaged in or involved with technology sector businesses which may be in competition with the business of the Corporation. Accordingly, situations may arise where such persons will be in direct competition with the Corporation. The Corporation intends to address such conflicts as required by applicable law and regulatory requirements.

Outside Offices and Directorships

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Martin Bernholtz	Continental Precious Minerals Inc.	TSX	Director	2013	Present
	Titan Medical Inc.	TSX	Director	2008	Present
	Selectcore Ltd.	TSXV	Director	2006	Present
	Lingo Media Corporation	TSXV	Director	2013	Present
	Musgrove Minerals Corp.	TSXV	Director	2012	Present
	Covalon Technologies Inc.	TSXV	Director	2006	Present
	KGIC Inc.	TSXV	Director	2016	Present
	Nanostruck Technologies Inc.	CNSX	Director	2014	Present
Michael Frank	Internet of Things Inc.	TSXV	President CEO and Director	2015	Present
	AnalytixInsight Inc.	TSXV	Director	2016	Present
	Spylogics International Inc.	TSXV	President CEO and Director	2007	2011
Daniel Crandall	Loma Vista Capital Inc.	CNSX	Chief Financial Officer	2012	2015
	Mukuba Resources Limited	TSXV	Chief Financial Officer	2012	2013
	Mukuba Resources Limited	NEX	CEO, CFO and Director	2015	Present
	Black Widow Resources Inc.	TSXV	Chief Financial Officer	2012	Present

	Titan Goldworx Resources Inc.	CNSX	Chief Financial Officer	2012	2013
	West Red Lake Gold Mines Inc.	CNSX	Chief Financial Officer	2013	2015
		CNSX	Director	2015	Present
	Pan American Goldfields Ltd.	OTCQ X	Chief Financial Officer	2013	2014
	Royal Standard Minerals Inc.	OTCQ B	Chief Financial Officer	2014	Present
	Chilean Metals Inc.	TSXV	Chief Financial Officer	2014	Present
	GoldMoney Inc.	TSXV	Chief Financial Officer	2014	2015
	First Bauxite Corporation	TSXV	Chief Financial Officer	2015	2015
	Malbex Resources Inc.	TSXV	Chief Financial Officer	2015	Present
	Rockcliff Copper Corporation	TSXV	Chief Financial Officer	2015	Present
Len Crispino	Automodular Corporation	TSX	Director	2012	2015

ITEM 17 EXECUTIVE COMPENSATION

Summary Compensation Table for Named Executive Officers

The following table provides a summary of total compensation earned during each of the twelve month periods ended December 31, 2012, December 31, 2013 and December 31, 2014, by Imex's Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of Imex who were serving as such as at December 31, 2014 (the "**Other Executive Officers**") and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at December 31, 2014 (hereinafter, collectively, referred to as the "**Named Executive Officers**") for services rendered in all capacities during such period. Imex does not have any pension plan or incentive plans (whether equity or non-equity based). The Corporation will have the Stock Option Plan available for future option grants.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	12 month period ended	Salary (CDN\$) ^{(1),(2)}	Option-based Awards (CDN\$)	Non-Equity		All Other Compensation (CDN\$) ⁽³⁾	Total Compensation (CDN\$)
				Incentive Plan Compensation			
				Annual Incentive Plans (CDN\$)	Long-term Incentive Plans (CDN\$)		

Damodar Arapakota Chief Executive Officer	Dec 31, 2014	\$150,000	Nil	Nil	Nil	\$6,732	\$156,732
	Dec 31, 2013	\$144,000	Nil	Nil	Nil	\$6,732	\$150,732
	Dec 31, 2012	\$126,000	Nil	Nil	Nil	\$6,732	\$132,732

Notes:

- (1) This column discloses the actual salary earned during the fiscal year indicated.
- (2) The Company intends to enter into a new employment contract in 2016 with Mr. Arapakota at a salary of \$250,000 per annum with further terms and conditions to be agreed with Mr. Arapakota.
- (3) Car lease expense excluding HST thereon.

It is expected that upon completion of the Transaction, Mr. Arakapota will be compensated as President and CEO of the Corporation in a manner consistent with past practice.

Mr. Crandall is employed by Marrelli Support Services Inc. ("MSSI") and does not have an employment contract with the Corporation. MSSI provides the services of Daniel Crandall as Chief Financial Officer of the Corporation pursuant to an external management contract dated February 1, 2016, at a rate of \$2,500 per month.

Outstanding Option-Based Awards for Named Executive Officers

No options have been granted by Imex.

Compensation Discussion and Analysis

Introduction

The Compensation Discussion and Analysis section of this Listing Application sets out the objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. When determining the compensation arrangements for the Named Executive Officers, the Board considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of Shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

Benchmarking

In determining the compensation level for each executive, the Board looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by other companies in the same industry as the Corporation, and pay equity considerations.

Elements of Compensation

The compensation paid to the Named Executive Officers in any year consists of two (2) primary components:

- consulting fee or base salary; and
- long-term incentives in the form of stock options granted under the Stock Option Plan.

The Corporation believes that making a significant portion of the Named Executive Officer's compensation based on a consulting fee or base salary and long-term incentives supports the Corporation's executive compensation philosophy, as these forms of compensation allow those most accountable for the Corporation's long-term success to acquire and hold the Corporation's shares. The key features of these two (2) primary components of compensation are discussed below:

1. Consulting Fee or Base Salary

Consulting fees or base salary recognizes the value of an individual to the Corporation based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent. Consulting fees or base salaries for the Named Executive Officers are reviewed annually. Any change in the consulting fee or base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

2. Stock Option Awards

The Corporation provides long-term incentives to the Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The Board believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: it helps attract, retain, and motivate talent; it aligns the interests of the Named Executive Officers with those of the Shareholders by linking a specific portion of the officer's total pay opportunity to share price; and it provides long-term accountability for Named Executive Officers.

Performance Shares

In addition, Damodar Arapakota, the President and CEO of Imex, has been issued 2,500,000 Common Shares of the Corporation (the "**Performance Shares**") which are subject to a performance escrow agreement (the "**Performance Escrow Agreement**") that provides for such shares to be released from escrow on the following sales targets being met within 18 months of the closing of the Transaction:

- i. Upon an aggregate \$9 million in booked sales– 500,000 Performance Shares; and
- ii. Upon an aggregate \$10 million in booked sales – an additional 500,000 Performance Shares; and
- iii. Upon aggregate \$11 million in booked sales – an additional 500,000 Performance Shares; and
- iv. Upon aggregate \$12 million in booked sales – an additional 500,000 Performance Shares; and
- v. Upon any new large contract being signed whereby an aggregate \$15 million in booked sales is achieved – an additional 500,000 Performance Shares.

If the sales targets are not met within 18 months of the closing of the Transaction, such shares will be returned to the treasury of the Corporation for cancellation.

Compensation Governance

The Corporation does not currently have a compensation committee and decisions regarding compensation are made by the Board.

Termination and Change of Control Benefits and Management Contracts

The Corporation does not currently have in place contracts which provide for such payments.

Compensation of Directors

Individual Director Compensation

During the fiscal year ended December 31, 2014, Imex did not pay any fees or compensation to directors for serving on the Board (or any subcommittee) beyond reimbursing such directors for travel and related expenses.

Securities Authorized For Issuance Under Equity Compensation Plans

Imex did not have an equity compensation plan as at the end of the fiscal year ended December 31, 2014.

ITEM 18 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers of the Corporation, Imex or any proposed director or officer of the Corporation immediately following completion of the Transaction nor any affiliate or associate of such directors or officers have been indebted to the Corporation or Imex.

ITEM 19 AUDIT COMMITTEES AND CORPORATE GOVERNANCE

Audit Committee

The Audit Committee will be responsible for monitoring the Corporation's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors' examination of specific areas.

The Audit Committee will be initially composed of three directors, Len Crispino, Krishnasamy Parthiban and Pradeep Sood, each of whom is considered to be independent as defined in National Instrument 52-110 — *Audit Committees* ("NI 52-110"). Each member of the Audit Committee will be considered to be "financially literate" within the meaning of NI 52-110 which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the Corporation's financial statements.

The Audit Committee Charter and Terms of Reference are attached hereto as Appendix "D" – Audit Committee".

Relevant Education and Experience

The relevant education and experience of each of the members of the Audit Committee is as follows:

Krishnasamy Parthiban

Kris Parthiban has over 20 years of senior executive experience in operations to general management and corporate finance in manufacturing, software, real estate and energy related industries. He has held senior positions in major corporations: Director of Engineering at Hallmark Cards, Direct of Program Development at American Greetings, Vice President of Human Resources and Planning at Newstar Technologies, President of Crystonics Limited, a fiber optics company, President of Strategy Energy Corporation and as Vice President of Tier1 Advisory Inc., a real estate investment advisory group. Kris graduated from IIT, Madras, India and has M. Eng. and M.B.A degrees from McMaster University, Hamilton, Ontario.

Pradeep Sood

Pradeep Sood is Chairman and shareholder of Highbury Canaco Corporation, a food processing company out of Leamington, Ontario employing over 350 workers. Pradeep is founder and owner of XactScribe Inc., an Ontario based digital transcription company. He is also CEO of Starling Corporation, a management consulting company that helps small businesses in four key areas – Market Research, Business Development, Supply Chain and Financing. Pradeep is the former Chair of the Ontario Chamber of Commerce and has served as a Director on the Boards of both the Toronto Board of Trade and the Canadian Chamber of Commerce. Pradeep is a graduate of Delhi University, India with an Honours degree in Economics and has a Chartered Accountant designation from the Institute of Chartered Accountants of India. He is a member of the Institute of Corporate Directors at the University of Toronto's Rotman School of Management.

Len Crispino

Len Crispino is the Founder and President of The Foreign Affair Winery—a recipient of the Premier's Award for Innovation. He has had a successful 28 year career in senior management positions within the Government of Ontario along with some 10 years as President & CEO of the Ontario Chamber of Commerce. During that period that has also included a three year assignment to Italy as Ontario's chief trade representative. He has an MBA in marketing from York University and a Master's and BA from UoT. He holds a professional ICD.D designation for Board Governance from the Institute for Corporate Directors at Rotman School. Mr. Crispino's board experience has included a 3 year Directorship on the Board of Automodular Corporation (publicly traded) serving also on the company's Diversification Strategy Committee. Other board appointments have included responsibility as Chair of the Niagara College Board of Governors as well as Chair of that institution's Priorities & Planning Committee and Chair of the Presidential Performance Review Committee.

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Board of Directors

The Board is currently composed of five (5) directors, Messrs. Damodar Arakapota, Krishnasamy Parthiban, Pradeep Sood, Len Crispino and Martin Bernholtz.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors, within the meaning set out under National Instrument 52-110 *Audit Committees* ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the current directors and proposed nominees, Damodar Arapakota, Chief Executive Officer, is an executive officer and accordingly is not considered to be "independent". In assessing NI 58-101 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. The remaining directors and proposed nominees are considered to be independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2014, none of the current independent directors have worked for the Corporation, received remuneration from the Corporation (other than in their capacity as directors) or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the members of the Board may meet in the absence of members of management and the non-independent directors. In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Corporation, disclose the

nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation. In addition, the members of the Board that are not members of management of the Corporation are encouraged by the management members of the Board to communicate and obtain advice from such advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board.

Board Mandate

The Board is responsible for the conduct of the Corporation's affairs generally. The Board is responsible for reviewing and approving the Corporation's operating plans and budgets as presented by management. The Board is responsible for identifying the principal risks of the Corporation's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. Succession planning, including the recruitment, supervision, compensation and performance assessment of the Corporation's senior management personnel also fall within the ambit of the Board's responsibilities. The Board is responsible for ensuring effective communications by the Corporation with its Shareholders and the public and for ensuring that the Corporation adheres to all regulatory requirements with respect to the timeliness and content of its disclosure. In keeping with its overall responsibility for the stewardship of the financial affairs of the Corporation, the Board created an Audit Committee which is responsible for the integrity of the Corporation's internal control and management information systems.

The Board is responsible for approving annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business in the ordinary course, managing the Corporation's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements.

The Board believes the Corporation is well served and the independence of the Board from management is not compromised. The Board does not have, and does not consider it necessary under the circumstances to have, any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition is sufficient to ensure that the Board can function independently of management.

Orientation and Continuing Education

The Corporation does not provide a formal orientation and education program for new directors of the Corporation. However, any new directors will be given the opportunity to (a) familiarize themselves with the Corporation, the current directors and members of management; (b) review copies of recently filed public documents of the Corporation and the Corporation's internal financial information; (c) have access to technology experts and consultants; and (d) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education. Board meetings may also include presentations by the Corporation's management and consultants to give the directors additional insight into the Corporation's business.

Each new director is given an outline of the nature of the Corporation's business, its corporate strategy and current issues within the Corporation. New directors are also required to meet with management of the Corporation to discuss and better understand the Corporation's business and are given the opportunity to meet with counsel to the Corporation to discuss their legal obligations as directors of the Corporation.

In addition, management of the Corporation takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Corporation as a whole. The Corporation continually reviews the latest securities rules and policies. Any such changes or new requirements are then brought to the attention of the Corporation's directors either by way of director or committee meetings or by direct communications from management of the directors.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the board in which the director has an interest have been sufficient to ensure that the board operates independently of management and in the best interests of the Corporation. Further, the Corporation's auditor has full and unrestricted access to the audit committee of the Corporation at all times to discuss the audit of the Corporation's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board will consider its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. Accordingly, the Board considers five (5) directors, in light of the Corporation's state of development, to be appropriate. The Board does not currently have a nominating committee, and these functions are currently performed by the Board as a whole.

Compensation

The Board does not have a compensation committee. Directors' compensation is currently being considered by the Board. Since the size of the Board is limited, the Corporation considers that the functions of such a committee can be served by the Board as a whole. The Board may compensate Directors who chair committees as it deems necessary and such compensation shall be based on the Director's work and the time devoted to the committee. The Corporation may also grant stock options to directors of the Corporation in consideration for their services provided to the Corporation.

Other Board Committees

The Corporation does not have any standing committees other than the Audit Committee.

Assessments

The Corporation's Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

ITEM 20 AGENT, SPONSOR OR ADVISOR

Imex has entered into an engagement letter dated March 15, 2016 with Mackie Research Capital Corporation ("**Mackie**") whereby Mackie has agreed to act as Sponsor (as defined in the policies of the Exchange) in connection with the Transaction. In consideration for acting as Sponsor, Imex has agreed to pay a fee of \$30,000 plus HST to Mackie. Mackie is arm's length to Imex and the Corporation. Mackie's head office is located at 199 Bay Street, Suite 4500, Commerce Court West, Toronto, ON, M5L 1G2.

ITEM 21 RISK FACTORS

In addition to the other information contained in this Listing Application, the following factors should be considered carefully when considering risk related to Imex's business.

Upon completion of the Transaction, there are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Corporation and could cause its operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Corporation. These include widespread risks associated with any form of business and specific risks associated with the Corporation's business. An investment in the Common Shares, as well as the Corporation's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its operations. Shareholders of the Corporation may lose their entire investment. The risks described below are not the only ones facing the Corporation. Additional risks not currently known to Imex, or that Imex currently deems immaterial, may also impair the Corporation's business or operations. If any of the following risks actually occur, the Corporation's prospects, business, financial condition or results of operations could be adversely affected.

These risk factors may not be a definitive list of all risk factors associated with an investment in Imex or in connection with the Corporation's business or operations.

Risks Related to the Corporation's Business and Industry

Competition

Imex operates in highly competitive environments that include its customers' internal capabilities. Management believes that the principal competitive factors in its markets include technological strength, speed and flexibility in responding to design or schedule changes, price, quality, delivery, cost management and financial strength. The Corporation's earnings could decline if its competitors or customers can provide comparable speed and quality at a lower cost, or if the Corporation fails to adequately invest in the range and quality of services and products its customers require.

Some of the Corporation's competitors, as compared to the Corporation, are larger and have greater financial and organizational resources, geographic breadth and range of services, customer bases and brand recognition than we do. As a result, the Corporation's competitors may respond more quickly to technological changes or customer needs, consume lower fixed and variable unit costs, and obtain better terms for financing growth. If the Corporation fails to compete in any of these areas, it may lose market share and its business could be seriously harmed. There can be no assurance that the Corporation will not experience increased competition or that the Corporation will be able to maintain its profitability if its competitive environment changes.

Dependence on Key Customers

Imex's revenues are currently generated primarily from a few key customers. In 2016 and beyond, the Corporation will need to attract new clients and attempt to diversify its customer base from a limited number of potential customers and with longer lead times often being required for new programs. Imex's customers are generally governments which can result in unpredictable funding levels and government procurement and certification processes.

There can be no assurance that any of Imex's customers will not default on, delay or dispute payment of, or seek to reject its outstanding invoices.

Substantial Capital Requirements

The Corporation has limited financial resources and may require substantial additional equity or debt financing in order to carry out its business objectives, including the continued development of new and upgraded functionality of the Corporation's products and services. There can be no assurance that debt or equity financing or cash generated by operations would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it would be on terms acceptable to the Corporation. Failure to obtain sufficient financing may result in the delay or indefinite postponement of development or production on any or all of the Corporation's products and services which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Protection of Intellectual Property

The Corporation's commercial success depends upon its ability to develop new or improved technologies and products, and to successfully obtain or acquire patent or other proprietary or statutory protection for these technologies and products in Canada, the United States and other countries.

The Corporation relies on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While the Corporation enters into confidentiality and non-disclosure agreements with its employees, consultants, customers, potential customers and others to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of its confidentiality and non-disclosure agreements will not be honoured;

- third parties will independently develop equivalent technology or misappropriate the Corporation's technology or designs;
- disputes will arise with the Corporation's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of the Corporation's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

There can be no assurance that the Corporation will be successful in protecting its intellectual property rights. Inability to protect its intellectual property rights could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Infringement on Intellectual Property

The Corporation's commercial success depends upon the Corporation avoiding infringing intellectual property rights owned by others. The industry in which the Corporation competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Corporation in its products. Some of these patents may grant very broad protection to the third party owners of the patents. Patents can be issued very rapidly and there is often a great deal of secrecy surrounding pending patents. The Corporation cannot determine with certainty whether any existing third-party patents or the issuance of any new third-party patents would require the Corporation to alter its technologies, pay for licenses or cease certain activities. Third parties may assert intellectual property infringement claims against the Corporation and against its customers and suppliers. The Corporation may be subject to these types of claims either directly or indirectly through indemnities against these claims that it provides to certain customers, partners and suppliers. There can be no assurance that the Corporation's attempts to negotiate favourable intellectual property indemnities with its suppliers for infringement of third-party intellectual property rights will be successful or that a supplier's indemnity will cover all damages and losses suffered by the Corporation and its customers, partners and other suppliers due to infringing products, or that the Corporation can secure a license, modification or replacement of a supplier's products with non-infringing products that may otherwise mitigate such damages and losses.

Some of the Corporation's competitors have, or are affiliated with companies that have, substantially greater resources than the Corporation, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation to a greater degree and for longer periods of time than the Corporation. Regardless of whether third-party claims of infringement against the Corporation have any merit, these claims could:

- adversely affect the Corporation's relationships with its customers;
- be time-consuming to evaluate and defend;
- result in costly litigation;
- result in negative publicity for the Corporation;
- divert management's attention and resources;
- cause product and software delivery delays or stoppages;
- subject the Corporation to significant liabilities;

- require the Corporation to enter into costly royalty or licensing agreements;
- require the Corporation to develop possible workaround solutions that may be costly and disruptive to implement; or
- require the Corporation to cease certain activities or to cease distributing its products and delivering its services in certain markets.

In addition to being liable for potentially substantial damages relating to a patent or other intellectual property infringement action against the Corporation or, in certain circumstances, the Corporation's customers with respect to its products and services, the Corporation may be prohibited from developing or commercializing certain technologies or products unless the Corporation obtains a license from the holder of the patent or other intellectual property rights. There can be no assurance that the Corporation will be able to obtain any such license on commercially reasonable terms, or at all. If the Corporation does not obtain such a license, its prospects, business, operating results and financial condition could be materially adversely affected and the Corporation could be required to cease related business operations in some markets and restructure its business to focus on continuing operations in other markets. In addition, the Corporation includes and promotes certain third-party applications and content with its products. The Corporation's support and promotion of third-party applications and content increases the risk of intellectual property litigation if such applications and content infringe on the patents or other intellectual property rights of others.

Dependence on Key Personnel and Employees

The success of the Corporation is dependent on the services and performance of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. The Corporation strongly depends on the business and technical expertise of its management and key personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that the Corporation will be able to engage the services of such personnel or retain its current personnel.

Rapid Technology Developments

The industries targeted by Imex's business are characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users, the Corporation will need to continue developing new and upgraded functionality of its products and services and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Corporation is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, the Corporation may lose clients and/or fail to secure new clients.

The Corporation has developed and is continuing to develop a number of products and services incorporating advanced technologies and it will pursue those products and services that it expects

to have the best chance for success based on the Corporation's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Corporation will be able to develop new products, services and technologies to keep up-to-date with developments and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Defects in Products and Services

The Corporation's products and services are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Defects, errors or bugs found in the Corporation's new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, the Corporation may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in the Corporation's products or services could result in loss of or delay in end user acceptance of its products or services and may harm the Corporation's reputation. Correcting such errors and failures in its products or services could require significant expenditures by the Corporation, involving cost or time and effort of personnel.

The consequences of such errors, failures and claims could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

User Data/Cybersecurity

The Corporation may require the registration of its users prior to accessing its products or services or certain features of its products or services and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user data that is collected. The Corporation's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the Corporation's data or its user's data. If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Corporation's terms of service or policies, could damage the Corporation's reputation and the Corporation's brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against the Corporation in connection with such incidents, which could cause the Corporation to incur significant expense and liability or result in orders or consent decrees forcing the Corporation to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The costs related to cyber security or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect

the Corporation's internal operations, the services it provides to customers, loss of competitive advantages derived from its research and development efforts, early obsolescence of its products and services, its future financial results, its reputation or its share price.

The Corporation transmits and stores a large volume of data. The interpretation of privacy and data protection laws and their application to the Internet is unclear and subject to rapid change in numerous jurisdictions. There is a risk that these laws may be interpreted and applied in a manner that is not consistent with the Corporation's data protection practices and results in additional compliance or changes in the Corporation's business practices, or both, and liability or sanction under these laws. In addition, certain foreign jurisdictions may claim that the Corporation is required to comply with local laws, even where the Corporation has no local operating entity, employees, infrastructure or other physical presence in those jurisdictions.

Reliance on Collaborative Partners

The Corporation expects to rely on collaborative arrangements to provide services and to develop and commercialize some of its products or services in the future. There can be no assurance that the Corporation will be able to negotiate acceptable collaborative arrangements, that such collaborative arrangements will be successful or that the Corporation would not be required to relinquish certain material rights to its products or services. In addition, there can be no assurance that the Corporation's collaborative partners will not pursue alternative technologies or develop alternative products or services either on their own or in collaboration with others, including the Corporation's competitors. To the extent that the Corporation succeeds in entering into collaborative arrangements, it will be dependent on the efforts of third parties for the continued development of certain services or products.

Additionally, the Corporation employs agents and subcontractors as part of the delivery of the, Corporation's services to its customers and as part of the development and commercialization of the Corporation's products. The ultimate liability for the performance of the agents or subcontractors lies with the Corporation. Further, the Corporation's business model is based on the distribution of its products and services by third parties. If these third parties are not successful in distributing the Corporation's products and services it could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

New Business Areas and Geographic Markets

The Corporation's growth strategy is dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated clients and revenue. In addition, any expansion into new business areas or geographic markets could expose the Corporation to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third party intellectual property rights; the cost of localising software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner. These factors could cause the Corporation's expansion into new

business areas or geographic markets to be unsuccessful or less profitable than its existing markets, or could cause the Corporation's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation expects that a substantial portion of its future revenue will be derived from its business operations outside of Canada. Execution of this business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. If the Corporation does proceed to operate in different international regions, revenues earned from customers may decrease in the future for a variety of reasons, including increased competition and new entrants into geographic markets in which the Corporation operates or intends to operate. Depending on the countries involved, any or all of the foregoing factors could have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in countries within which the Corporation intends to operate will not change. Any such change could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Operational and Financial Infrastructure

The Corporation is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. This expansion may require the Corporation to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Information Technology Defects

The integrity, reliability and operational performance of the Corporation's content aggregation, parsing and distribution and other operational information technology ("IT") systems are critical to the Corporation's ability to serve its clients. The Corporation's IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of these IT systems or the telecommunications and/or other third party infrastructure on which such systems rely, as described in "*Reliance on Third Party Owned Communication Networks*", could lead to significant costs and disruptions that could reduce the Corporation's revenue, harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation has procedures and measures in place to protect against network or IT system failure or disruption. However, those procedures and measures may not be effective to ensure that the Corporation is able to carry on its business in the ordinary course if they fail or are disrupted. In addition, the Corporation's IT systems may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage, hackers, denial of service

attacks, viruses or cybercrime. Any failure in these protections could harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Reliance on Third-Party Owned Communication Networks

The delivery of the Corporation's products and services and a significant portion of the Corporation's revenues are dependent on the continued use and expansion of third-party owned communication networks, including wireless networks and the Internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for the Corporation.

Effective delivery of the Corporation's products and services through the Internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access the Corporation's content. Changes in access fees to distributors, such as the Corporation or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, as described in "*Governmental Regulation of the Internet*" could result in increased costs to the Corporation. All of these factors are out of the Corporation's control and the manifestation of any of them could ultimately have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of the Corporation's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, loss of revenue because of the inability of users or subscribers to use the Corporation's services, or the cancellation by users or subscribers of their service with the Corporation, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Uncertain Economic Health of the Wider Economy

The Corporation's revenue streams are dependent on the overall macro-economic environment. Current and future conditions in the domestic and global economies remain uncertain. Accordingly, adverse developments in the macro-economic environment could substantially reduce the funds spent on the products and services offered by Imex and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Governmental Regulation of the Internet

Governments and regulatory authorities in some jurisdictions in which the Corporation's content originates or its users reside, including Canada, impose rules and regulations affecting the third-

party-owned communications networks over which the Corporation's services are accessed, including Internet and mobile connectivity ("**network services**") and affecting the audiovisual content distributed to the public as part of the Corporation's services ("**audiovisual media**"). In certain circumstances this frequently controversial governmental regulation of the Internet protects the Corporation's activities from certain tactics by competitors or potential competitors. Should efforts to overturn this governmental regulation prove successful, network services providers could impose restrictions that adversely impact the Corporation's ability to deliver content on an equal footing with other audiovisual media providers.

Currency Fluctuations

The Corporation's reporting currency is Canadian dollars but an increasing proportion of the Corporation's revenue may be earned and expenses may be incurred in other currencies, including the US dollar. See "*New Business Areas and Geographic Markets*". The movement of any of these currencies against the Canadian dollar could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Changes in Taxation

Changes in taxation rates or law, or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges, financial loss, including penalties and reputational damage, and which could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Exposure to Taxable Presences

The policy of the Corporation will be to manage and operate its business in a way that is intended to ensure that it is resident for tax purposes solely in the jurisdiction in which it is incorporated or domiciled and that it has no taxable permanent establishments or other taxable presence in any other jurisdiction. However, if the Corporation is found to be tax resident elsewhere or to have a taxable permanent establishment or other taxable presence elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the overall amount of tax payable by the Corporation.

Risk of Litigation

The Corporation may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If the Corporation is unable to resolve these disputes favourably, it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers. The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. Although the Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivables and historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area, there is no assurance that the allowance for doubtful accounts will be sufficient to cover credit losses in the future and future credit losses could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. There is no assurance that the Corporation's approach to managing liquidity will prove successful and should the Corporation be unable to meet its liabilities when due it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Risk Relating to Ownership of Common Shares

Major Shareholder

The Arapakota 2006 Family Trust and Damodar Arapakota together hold directly approximately 69.6% of the outstanding Common Shares. As a result, the Arapakota 2006 Family Trust and Damodar Arapakota control the Corporation and are entitled to nominate a majority of the members of the Board and have the ability to influence the outcome of matters submitted to the Imex shareholders for approval, which include amendments to the Corporation's corporate governing documents and business combinations. The Corporation's interests and the interests of other shareholders may at times conflict with those of the Arapakota 2006 Family Trust and Damodar Arapakota, and this conflict might be resolved against the Corporation's interests and the interests of other shareholders. Due to the shareholdings, The Arapakota 2006 Family Trust and Damodar Arapakota will be in a position to determine whether the Corporation or its operations are acquired by a third party, to significantly influence the election of the Board, the members of management and to generally direct the affairs of the Corporation.

Market Price and Trading Volume of Common Shares

The price of the Common Shares is likely to be significantly affected by a variety of items and events including short-term changes the Corporation's financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow the Corporation's securities; (ii) lessening in trading volume and general market interest in the Corporation's securities or technology companies more generally may affect an investor's ability to trade significant numbers of the Common Shares; (iii) the size of the Corporation's public float may

limit the ability of some institutions to invest in the Corporation's securities; and (iv) a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Corporation's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Corporation may be the target of similar litigation in the future. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

In addition, the Common Shares may not qualify as a permitted investment under the investment policies or guidelines of certain institutional investors which could result in a lessening in trading volume and the Corporation's securities.

Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Corporation's financial condition, results of operations, financial requirements of the Corporation to finance future growth and other factors which the Board considers appropriate in the circumstances. At this time, the Corporation anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations and accordingly, has no plans to pay any dividend.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares. In particular, the Arapakota 2006 Family Trust will own approximately 55% of the issued and outstanding Common Shares. If either the Arapakota 2006 Family Trust or any other significant shareholder decides to liquidate all or a significant portion of their position, it could adversely affect the price of the Common Shares. In addition, if the Common Shares failed to qualify as permitted investments under the investment policies or guidelines of certain institutional investors and such institutions were forced to liquidate their position, it could adversely affect the price of the Common Shares.

ITEM 22 PROMOTERS

Damodar Arapakota and The Arapakota 2006 Family Trust are considered promoters of the Corporation within the meaning of applicable securities legislation. Upon closing of the Transaction: (i) The Arapakota 2006 Family Trust will hold, of record, 10 million Common Shares, representing 55.7% of the issued and outstanding Common Shares; and, (ii) Damodar Arapakota, a beneficiary under The Arapakota 2006 Family Trust, will hold, of record and beneficially, 2,500,000 Common Shares, which will be subject to the Performance Escrow Agreement, representing 13.9% of the issued and outstanding Common Shares.

ITEM 23 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Not applicable.

ITEM 24 INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction or in any proposed transaction in the last three years, that has materially affected or will materially affect the Corporation or a subsidiary of the Corporation.

ITEM 25 INVESTOR RELATIONS ARRANGEMENTS

Not applicable.

ITEM 26 AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of Imex are BGD LLP, 6375 Dixie Road #400, Mississauga, ON L5T 2E7, and it is expected that they will become the auditors of the Corporation upon completion of the Transaction. The current auditors of the Corporation are Wasserman Ramsay, Chartered Accountants, 3601 Highway 7, Markham, ON, L3R 0M3.

The registrar and transfer agent of the Corporation is Computershare Transfer Services Inc. at its principal office in the city of Toronto, Ontario.

ITEM 27 MATERIAL CONTRACTS

The only material contracts to which the Corporation is a party are as follows:

- Securities Exchange Agreement;
- the Escrow Agreement; and
- Performance Escrow Agreement.

ITEM 28 : EXPERTS

BGD LLP are the auditors of Imex and have confirmed that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Wasserman Ramsay, Chartered Accountants are the current auditors of the Corporation and have confirmed that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Other than as described above, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the

Corporation or of any associate or affiliate of the Corporation, and the interest of any such persons in the securities of the Corporation is less than one percent of the outstanding securities of the Corporation.

ITEM 29 OTHER MATERIAL FACTS

Not applicable.

ITEM 30 ADDITIONAL INFORMATION – MINING OR OIL AND GAS APPLICANTS

Not applicable.

ITEM 31 EXEMPTIONS

Not applicable.

ITEM 32 FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

Included in Appendix "A" to this Listing Application are the Imex Annual Financial Statements, the Imex Interim Financial Statements and the Pro-Formas.

The Corporation is hereby incorporating by reference in this listing application the Ba Ba Annual Financial Statements and the Ba Ba Interim Financial Statements which are filed on the Corporation's issuer page at www.sedar.com.

ITEM 33 SIGNIFICANT ACQUISITIONS

Not applicable.

ITEM 34 CERTIFICATES

Certificate of Imex Systems Inc.

Date: March 30, 2016

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

"Damodar Arapakota"

Damodar Arapakota
Chief Executive Officer and
Director

"Daniel Crandall"

Daniel Crandall
Chief Financial Officer

"Krishnasamy Parthiban"

Director

"Pradeep Sood"

Director

Certificate of Ba Ba Capital Inc.

Date: March 30, 2016

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

"David Bernholtz"

David Bernholtz
Chief Executive Officer and
Director

"Jorey Middlestadt"

Jorey Middlestadt
Chief Financial Officer

"Martin Bernholtz"

Director

Certificate of Sponsor

Date: March 30, 2016

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

"Jovan Stupar"

Mackie Research Capital Corporation

APPENDIX "A"

IMEX SYSTEMS INC.

2014 Financial Statements

IMEX SYSTEMS INC.
2014 Financial Statements

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Independent Auditor's Report

**To the Shareholders of
Imex Systems Inc.**

We have audited the accompanying financial statements of Imex Systems Inc., which comprise the statement of financial position as at December 31, 2014, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Imex Systems Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements for the period ending December 31, 2013 were audited by another firm of chartered professional accounts. An un-qualified opinion has been expressed in audit report, dated October 31, 2015.

BGD LLP

Chartered Professional Accountants
Licensed Public Accountants
Mississauga, Ontario
January 19, 2016

IMEX SYSTEMS INC.
Statement of Financial Position
As at December 31

	2014	2013
ASSETS		
Current assets		
Cash	\$ -	\$ 121,849
Accounts receivable	3,911,194	1,023,174
Prepaid expenses	70,511	64,165
Loan receivable from employee (note 5)	17,431	15,000
Advance to employee	-	2,000
Investment tax credits receivable (note 6)	45,448	125,000
Income taxes recoverable	329	329
	4,044,913	1,351,517
Property, plant and equipment (note 7)	257,557	132,434
	\$ 4,302,470	\$ 1,483,951
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 8)	\$ 126,025	\$ -
Accounts payable and accrued liabilities (note 9)	1,107,347	580,155
Salaries payable	44,776	-
Dividends payable	516,000	-
Harmonized sales taxes payable	391,065	-
Current portion of long-term debt (note 10)	36,900	-
	2,222,113	580,155
Long-term debt (note 10)	82,250	-
Preference shares	-	100
	2,304,363	580,255
Shareholders' equity		
Capital stock (note 12)	300,213	300,213
Contributed surplus	2,828,492	2,828,392
Deficit	(1,130,598)	(2,224,909)
	1,998,107	903,696
	\$ 4,302,470	\$ 1,483,951

See accompanying notes

On behalf of the Board

Director
 (_____)

Director
 (_____)

IMEX SYSTEMS INC.**Statement of Operations and Comprehensive Income****Year ended December 31**

	2014	2013
Fee revenue	\$ 7,745,683	\$ 4,364,355
Cost of sales		
Consulting contractors	2,281,832	3,177,298
License fees	1,089,437	-
Gross margin	4,374,414	1,187,057
Operating expenses (see schedule)		
General and administrative (schedule 1)	524,263	306,515
Remuneration (schedule 2)	1,360,683	675,746
Selling (schedule 3)	283,477	100,388
Occupancy (schedule 4)	86,404	51,349
	2,254,827	1,133,998
Income before undernoted items	2,119,587	53,059
Other expenses (income)		
Gain on foreign exchange	(107,371)	-
Other income	(12,015)	(5,339)
Investment tax credits	(36,317)	(227,174)
Withholding tax	796,979	-
	641,276	(232,513)
Net income	1,478,311	285,572
Other comprehensive income (loss)	-	-
Total comprehensive income	\$ 1,478,311	\$ 285,572
Basic and diluted net income per share	\$ 0.19	\$ 0.05
Weighted average number of shares outstanding	5,867,576	5,867,576

See accompanying notes

IMEX SYSTEMS INC.

Statement of Changes in Equity Year ended December 31

	Capital stock	Contributed surplus	Deficit	Total
Balance, December 31, 2012	\$ 213	\$ 2,828,392	\$ (2,354,481)	\$ 474,124
Net income	-	-	285,572	285,572
Other comprehensive income	-	-	-	-
Class A Preference shares	300,000	-	-	300,000
<u>Dividends paid</u>	<u>-</u>	<u>-</u>	<u>(156,000)</u>	<u>(156,000)</u>
Balance, December 31, 2013	300,213	2,828,392	(2,224,909)	903,696
Net income	-	-	1,478,311	1,478,311
Other comprehensive income	-	-	-	-
Cancellation of Class B Preference shares	-	100	-	100
<u>Dividends paid</u>	<u>-</u>	<u>-</u>	<u>(384,000)</u>	<u>(384,000)</u>
<u>Balance, December 31, 2014</u>	<u>\$ 300,213</u>	<u>\$ 2,828,492</u>	<u>\$ (1,130,598)</u>	<u>\$ 1,998,107</u>

See accompanying notes

IMEX SYSTEMS INC.

Statement of Cash Flows Year ended December 31

	2014	2013
Operating activities		
Net income	\$ 1,478,311	\$ 285,572
Item not involving cash		
Amortization of property, plant and equipment	56,992	23,656
	1,535,303	309,228
Net change in non-cash working capital items		
Accounts receivable	(2,888,020)	(3,944)
Prepaid expenses	(6,346)	(53,340)
Investment tax credits receivable	79,552	(125,000)
Income taxes	-	(329)
Accounts payable and accrued liabilities	527,192	(172,196)
Salaries payable	44,776	-
HST	391,065	-
Dividend payable	516,000	-
	(1,335,781)	(354,809)
Cash flows from operating activities	199,522	(45,581)
Financing activities		
Long-term debt	119,150	-
Issuance of preference shares for cash	-	300,000
Redemption of preference shares	(100)	(1)
Contributed surplus	100	
Dividends paid	(384,000)	(156,000)
Cash flows from financing activities	(264,850)	143,999
Investing activities		
Repayments from shareholder	-	7,673
Loan to employee	(431)	(15,000)
Advance to employee	-	(2,000)
Purchase of property, plant and equipment	(182,115)	(21,564)
Cash flows from investing activities	(182,546)	(30,891)
Net change in cash during the year	(247,874)	67,527
Cash, beginning of year	121,849	54,322
Cash (bank indebtedness), end of year	\$ (126,025)	\$ 121,849

See accompanying notes

IMEX SYSTEMS INC.

Notes to Financial Statements Year ended December 31

1. Nature of Operations

Imex Systems Inc. (the "company") is a privately held company, incorporated under the laws of Ontario. The company develops custom business solutions, web sites, and business information and technology systems. The company currently derives approximately 100% of its revenue from contracts with ministries of the provincial government, and international governments.

The registered office is at 34 Greensboro Drive, Etobicoke, Ontario, Canada.

2. Basis of Presentation

The financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

The Board of Directors approved the financial statements on January 19, 2016.

3. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant policies are detailed as follows:

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value and are presented in Canada dollars.

Accounting estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period.

These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The primary areas in which estimates and judgments are applied are as follows:

Depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives and salvage value, both of which are determined with the exercise of judgment.

Investment tax credits

Investment tax credits relating to the acquisition of equipment, including equipment acquired for research and development, are deducted from the cost of the assets. Similarly, the cost of labour used for research and development is deducted from the labour expenses. Investment tax credits relating to current research and development expenditures are reflected in net income (loss).

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

3. Summary of Significant Accounting Policies — continued

Leases

Lease payments are recognized as an expense on a straight-line basis over the lease term.

Valuation of deferred tax assets

The company assesses the probability of taxable profits being available in the future based on its budget forecasts. These forecasts are adjusted to take into account non-taxable income and expenses and specific rules on the use of tax losses. When a forecast shows a new profit, the company considers that the use of deferred assets is probable and recognizes the benefit. When management believes that the benefits will not be realized, a deferred tax asset is not recognized.

Revenue Recognition

Municipal and Provincial Revenues

The company derives revenues from providing professional IT services to its clients. Consulting fees are recognized as revenue at the time the services are performed. The fees for such services are billed to customers monthly.

iGov Revenues

On the larger contracts, there are milestones that have to be completed prior to revenue recognition. Revenues are recognized in accordance with the payment schedule and upon completion of services. Support and development services are billed on a monthly basis as the services are rendered.

Financial instruments

(i) Financial assets

Financial assets are classified as fair value through profit and loss (FVTPL), available-for-sale, held to maturity or loans and receivables based on management's intention relating to the purpose and nature of financial assets. The company currently has not classified any financial assets as FVTPL, available-for-sale (AFS) or held to maturity (HTM).

Financial assets include accounts receivable and investment tax credits receivable, employee advances, and are measured at amortized cost. The carrying value of these assets approximate their fair value due to the short-term nature of these assets.

(ii) Financial assets impairment

A financial asset other than through FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of operations. When an AFS financial asset is considered to be impaired, any cumulative gains or losses recognized previously in equity is transferred to the statement of operations.

(iii) Financial liabilities

Financial liabilities include bank indebtedness, accounts payable and accruals and long-term debt obligations, and are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

3. Summary of Significant Accounting Policies — continued

Income taxes

Current income tax represents the expected income taxes recoverable (or payable) on taxable income for the period using income tax rates enacted or substantively enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to the extent that it is probable that future taxable profits will be available. A deferred tax expense or benefit is recognized in other comprehensive earnings or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive earnings or directly in equity in the same or a different period.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

3. Summary of Significant Accounting Policies — continued

Property, plant and equipment

Recognition and Measurement

Items of property and equipment are initially measured at cost. Items of property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Classes of property and equipment are classified by significant components, which are individually amortized over the useful life of the component.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) equipment.

The company has determined that individual classes of property and equipment do not have individually significant components.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in the statement of operations.

Subsequent Costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and method of depreciation for property and equipment are as follows:

Furniture and fixtures	20% declining balance
Computer equipment	60% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease.

Research and development costs

All current research and development expenditures, including costs of developing new products, changing existing products and pre-production costs, are expensed as incurred.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

3. Summary of Significant Accounting Policies — continued

Accounting standards not yet adopted

Financial Instruments

In July 2014, the IASB completed the final elements of the proposed new IFRS 9, Financial Instruments standard to be effective January 1, 2018 with early adoption permitted. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company is assessing the possible impact of the proposed standard on the financial statements and the company is considering whether early adoption is warranted.

Revenues from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. This new standard is effective for the company's financial statements commencing January 1, 2017. The company intends to adopt the standard on its effective date and is assessing the impact on its financial statements.

4. Accounts receivable

The Company is exposed to concentration of credit risk on the trade receivables from its customers. As at December 31, 2014 approximately 88% of the accounts receivable balance is owed from one customer (December 31, 2013 – 55%). As at December 31, 2014 approximately \$609,000 (December 31, 2013 – \$15,000) is past due and \$nil (December 31, 2013 – \$nil) is considered impaired.

5. Loan receivable from employee

The employee advances receivable from employees are non-interest bearing, and have no set terms of repayment.

6. Investment tax credits receivable

The company makes claims in respect of scientific research and experimental development (SR&ED) expenditures for Federal and Ontario tax purposes. At year end, approximately \$45,448 of these investment tax credits (ITC's) were receivable. The company is subject to an audit of its SR&ED claim by Canada Revenue Agency prior to approval of the ITC's. The outcome of this audit is unknown at this time.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

7. Property, plant and equipment

The carrying value of property and equipment and the changes in the carrying values are as follows:

(A) Cost

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance at December 31, 2012	\$ 144,326	\$ 27,783	\$ 133,386	\$ 305,495
Additions	11,839	-	9,727	21,566
Balance at December 31, 2013	156,165	27,783	143,113	327,061
Additions	91,283	53,809	37,023	182,115
Balance at December 31, 2014	\$ 247,448	\$ 81,592	\$ 180,136	\$ 509,176

(B) Accumulated Depreciation

Balance at December 31, 2012	\$ 134,650	\$ 22,982	\$ 13,339	\$ 170,971
Depreciation	9,357	960	13,339	23,656
Balance at December 31, 2013	\$ 144,007	\$ 23,942	\$ 26,678	\$ 194,627
Depreciation	34,680	6,149	16,163	56,992
Balance at December 31, 2014	\$ 178,687	\$ 30,091	\$ 42,841	\$ 251,619

(C) Carrying amounts (a-b)

Balance at December 31, 2013	\$ 12,158	\$ 3,841	\$ 116,435	\$ 132,434
Balance at December 31, 2014	\$ 68,761	\$ 51,501	\$ 137,295	\$ 257,557

8. Bank indebtedness

A revolving demand facility has been authorized by the Royal Bank of Canada ("RBC") to a maximum of \$600,000 (2013 - \$750,000) and bears interest at the bank's prime lending rate plus 3% per annum. The company has provided a general security assignment over the assets of the company. At December 31, 2014, the company had drawn \$131,450 from this facility.

The company also has a line of credit with Wells Fargo of up to \$89,000, bearing interest at 10.25% (2013 - 9.75%) per annum. At December 31, 2014, the company had drawn \$78,000 from this facility.

	2014
Cash	\$ 5,425
Bank indebtedness	(131,450)
	\$ (126,025)

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

9. Accounts payable and accrued liabilities

Accounts payable and accruals consist of:

	2014	2013
Accounts payable and accruals	\$ 1,090,598	\$ 569,413
Payroll taxes payable	16,749	10,742
	<u>\$ 1,107,347</u>	<u>\$ 580,155</u>

10. Long-term debt

	2014
\$100,000 payable, interest at 8.50%, repayable in monthly instalments of 2,222 on account of principal, plus interest, due November 2017, secured by a personal guarantee by the primary owner for the full amount of the loan.	\$ 77,680
\$50,000 payable, interest at 8.50%, repayable in monthly instalments of 853 on account of principal, plus interest, due November 2017, secured by a personal guarantee by the primary owner for the full amount of the loan.	41,470
	119,150
<u>Less: current portion</u>	<u>36,900</u>
	<u>\$ 82,250</u>

Minimum principal repayments over the next five years are as follows:

2015	\$ 36,900
2016	36,900
2017	45,350
	<u>\$ 119,150</u>

11. Deferred income taxes

	Balance at December 31, 2013	Credited (Charged) to Income	Balance at December 31, 2014
Property and equipment	\$ 1,876	\$ 2,429	\$ 4,305
Loss carry forward	210,508	210,508	-
<u>Unrecognized deferred income tax assets</u>	<u>\$ 212,384</u>	<u>\$ 212,937</u>	<u>\$ 4,305</u>

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

11. Deferred income taxes — continued

	Balance at December 31, 2012	Credited (Charged) to Income	Balance at December 31, 2013
Property and equipment	\$ 1,830	\$ 46	\$ 1,876
Loss carry forward	236,772	(26,264)	210,508
<u>Unrecognized deferred income tax assets</u>	<u>\$ 238,602</u>	<u>\$ (26,218)</u>	<u>\$ 212,384</u>

The company's effective tax rate at December 31, 2014 and 2013 is 11% Federal and 4.5% Ontario. The company has utilized all non-capital losses for income tax purposes in the current year.

12. Capital stock

Authorized

Unlimited	Class A Preference shares, voting, convertible and retractable at greater of original issue price and fair market value
2,030,303	Class B Preference shares, non-voting, non-cumulative, redeemable and retractable at nominal value
Unlimited	Class C shares, voting
Unlimited	Class D shares, non-voting

		2014	2013
<u>Issued</u>			
300,000	Class A Preference shares	\$ 300,000	\$ 300,000
-	Class B Preference shares, non-voting, non-cumulative, redeemable and retractable	-	100
5,867,576	Class C shares	10	10
5,867,576	Class D shares	203	203
		<u>\$ 300,213</u>	<u>\$ 300,313</u>

Allocated as follows:

Long term liability

Class B Preference shares	\$ -	\$ 100
<u>Capital stock</u>	<u>300,213</u>	<u>300,213</u>
	<u>300,213</u>	<u>300,313</u>
	<u>\$ 300,213</u>	<u>\$ 300,313</u>

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

13. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 15.5% (2013 - 15.5%) to the income for the years as follows:

	2014	2013
Income for the year before income taxes	\$ 1,478,311	\$ 285,571
Tax on accounting income	\$ 229,138	\$ 44,300
Tax effect of the following:		
Benefit of income tax loss carry-forwards not previously recognized	(210,507)	(33,900)
Effect of items not deductible for tax purposes	3,213	-
Amortization in excess of capital cost allowance	2,430	-
Ontario R & D tax credit	(9,179)	-
Federal investment tax credit	(22,438)	-
Finance charges	(1,631)	-
SR&ED refund for the year	(7,044)	-
SR&ED expenditures claimed	16,018	-
Non-deductible expenses	-	(10,400)
Income tax expense	\$ -	\$ -

14. Capital management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity comprising capital stock, contributed surplus and deficit which at December 31, 2014 totaled \$1,998,107 (December 31, 2013 - \$903,696).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities. Selected information is provided to the Board of Directors of the Company.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

15. Financial instruments

The company is exposed to various risks related to its financial assets and liabilities. The following analysis provides a measure of the company's risk exposure and concentrations at December 31, 2014 and 2013. The financial instruments of the Company and the nature of the risks to which it may be subject to are as follows:

Fair value

The Company's financial instruments include cash, accounts receivable, loan receivable from employee, employee advances, bank indebtedness, accounts payable and accrued liabilities, salaries payable, dividends payable and long-term debt. The carrying value of these instruments approximate their fair value due to their short-term maturities.

Liquidity risk

Liquidity risk arises from the company's management of working capital, finance charges and principal repayments on its debt instruments. It is the risk that the company will not be able to meet its financial obligations as they fall due.

The company has a comprehensive plan in place to meet its obligations as they come due. As at December 31, 2014, the company had current assets of \$4,044,913 (December 31, 2013 - \$1,351,517) and current liabilities of \$2,222,113 (December 31, 2013 - \$580,155). Current working capital of the company as at December 31, 2014 is \$1,822,800 (December 31, 2013 - \$771,362).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relates to its accounts receivable. The accounts receivable are due from various government bodies; therefore, the company does not anticipate any significant loss for non-collection.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to currency risk in United States dollars. Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company does not utilize financial instruments to manage its currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments that subject it to a cash flow risk. The company does not enter into any transactions to mitigate this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to other price risk.

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

16. Commitments

In the fiscal year ended December 31, 2013, the company entered into a lease agreement committing to a new office space in Toronto for 10 years. The company has the following future minimum lease payments for the premises over the next five years:

2015	\$	60,000
2016		72,000
2017		72,000
2018		84,000
2019		84,000
Subsequent years		252,000
	\$	624,000

17. Related party transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

		2014		2013
Salaries	\$	156,732	\$	150,732

18. Segmented information

The Company has determined it has one reportable segment based on how management views and operates the business.

Geographic Information

	Canada	Botswana	Total
Year ended December 31, 2014			
Fee revenue	\$ 2,432,487	\$ 5,313,196	\$ 7,745,683
Cost of sales	2,254,224	1,117,045	3,371,269
Gross margin	178,263	4,196,151	4,374,414
Operating expenses	1,851,506	403,321	2,254,827
Income (loss) before undernoted items	(1,673,243)	3,792,830	2,119,587
Other expenses (income)	(209,704)	850,980	641,276
Net income (loss)	\$ (1,463,539)	\$ 2,941,850	\$ 1,478,311

IMEX SYSTEMS INC.
Notes to Financial Statements
Year ended December 31

18. Segmented information — continued

Year ended December 31, 2013	Canada	Botswana	Total
Fee revenue	\$ 3,869,355	\$ 495,000	\$ 4,364,355
Cost of sales	3,177,298	-	3,177,298
Gross margin	692,057	495,000	1,187,057
Operating expenses	1,108,863	25,135	1,133,998
Income (loss) before undernoted items	(416,806)	469,865	53,059
Other expenses (income)	(232,513)	-	(232,513)
Net income (loss)	\$ (184,293)	\$ 469,865	\$ 285,572

All of the Company's assets are held in Canada.

Major customers

In the year ended December 31, 2014, two customers accounted for 68.6% and 10.3% respectively of the Company's revenues (2013 – five customers accounted for 22.5%, 17.3%, 16.4%, 16.1% and 11.3% respectively).

IMEX SYSTEMS INC.
Schedules to Financial Statements
Year ended December 31

General and Administrative

Schedule 1

		2014	2013
General office	\$	156,482	\$ 74,984
Professional fees		134,856	108,389
Telephone and communication		50,026	39,598
Insurance		46,076	34,446
Amortization of property, plant and equipment		56,992	23,656
Equipment and vehicle leasing		35,619	8,058
Bank charges		22,292	17,072
Interest on long-term debt		21,920	312
	\$	524,263	\$ 306,515

Remuneration

Schedule 2

		2014	2013
Salaries and wages	\$	1,155,632	\$ 624,632
Employee benefits		155,344	44,589
Recruitment		44,239	6,525
Directors fees and expenses		5,468	-
	\$	1,360,683	\$ 675,746

Selling

Schedule 3

		2014	2013
Travel and accommodation	\$	188,319	\$ 61,850
Marketing		95,158	38,538
	\$	283,477	\$ 100,388

Occupancy

Schedule 4

		2014	2013
Repairs and maintenance	\$	8,963	\$ 590
Rent and occupancy		77,441	50,759
	\$	86,404	\$ 51,349

Imex Systems Inc.
Financial Statements
December 31, 2013 and 2012

Independent Auditors' Report

To the shareholders of Imex Systems Inc.:

We have audited the accompanying financial statements of **Imex Systems Inc.**, which comprise the statement of financial position as at December 31, 2013 and 2012 and the statements of net and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Imex Systems Inc.** as at December 31, 2013 and 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

(continues)

(continued)

Other Matters

Notes 3 and 6 to the financial statements have been restated and Notes 11, 13 and 15 to the financial statements have been added as of January 19, 2016 to disclose additional information relevant to the current users of the financial statements. These additional disclosures do not result in any modifications to our opinion on our previous report dated October 31, 2015.

CW Partners LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
January 19, 2016

Imex Systems Inc.
Statement of Financial Position (in Canadian \$)
Years Ended December 31

	<u>2013</u>	<u>2012</u>
Assets		
Current		
Cash	\$ 121,849	\$ 54,322
Accounts receivable (net)	1,023,174	1,019,230
Prepaid expenses and deposits	64,165	10,825
Loan receivable from employee (note 4)	15,000	-
Advance to employee	2,000	-
Investment tax credits receivable (note 5)	125,000	-
Income taxes recoverable	329	-
Due from shareholder	<u>-</u>	<u>7,673</u>
	<u>1,351,517</u>	<u>1,092,050</u>
Non-current		
Property and equipment (note 7)	<u>132,434</u>	<u>134,524</u>
	<u>\$ 1,483,951</u>	<u>\$ 1,226,574</u>
 Liabilities		
Current		
Accounts payable and accruals (note 9)	\$ <u>580,155</u>	\$ <u>752,350</u>
Long-term		
Preference shares (note 10)	<u>100</u>	<u>100</u>
	<u>580,255</u>	<u>752,450</u>
 Shareholders' Equity		
Capital stock (note 10)	300,213	213
Contributed surplus	2,828,392	2,828,392
Deficit	<u>(2,224,909)</u>	<u>(2,354,481)</u>
	<u>903,696</u>	<u>474,124</u>
	<u>\$ 1,483,951</u>	<u>\$ 1,226,574</u>

Director

Director

See accompanying notes to the financial statements

Imex Systems Inc.
Statement of Net and Comprehensive income (in Canadian \$)
Years Ended December 31

	<u>2013</u>	<u>2012</u>
Fee revenue	\$ 4,364,355	\$ 6,186,163
Cost of sales		
Consulting contractors	<u>3,177,298</u>	<u>5,035,936</u>
Gross profit	<u>1,187,057</u>	<u>1,150,227</u>
Operating expenses (see schedule)		
Remuneration	675,746	673,285
Selling	100,388	89,774
Occupancy	51,349	123,597
General and administrative	<u>306,515</u>	<u>334,568</u>
	<u>1,133,998</u>	<u>1,221,224</u>
Income from operations	<u>53,059</u>	<u>(70,997)</u>
Other income (expense)		
Other	5,339	127
Gain on settlement of debt (note 11)	-	790,481
Foreign exchange loss	<u>-</u>	<u>(4,912)</u>
	<u>5,339</u>	<u>785,696</u>
Research and development		
Investment tax credits (note 5)	<u>227,174</u>	<u>-</u>
Net income for the year	285,572	714,699
Other comprehensive income	<u>-</u>	<u>-</u>
Comprehensive income for the year	<u>\$ 285,572</u>	<u>\$ 714,699</u>
Basic and diluted net income per share	<u>\$ 0.06</u>	<u>\$ 0.12</u>
Weighted average number of shares outstanding	<u>5,867,576</u>	<u>5,867,576</u>

See accompanying notes to the financial statements

Imex Systems Inc.
Schedule of Operating Expenses (in Canadian \$)
Years Ended December 31

	<u>2013</u>	<u>2012</u>
Remuneration		
Salaries and wages	\$ 624,632	\$ 604,059
Employee benefits	44,589	59,356
Recruitment	6,525	8,872
Directors fees and expenses	<u>-</u>	<u>998</u>
	<u>\$ 675,746</u>	<u>\$ 673,285</u>
Selling		
Travel	\$ 61,850	\$ 41,003
Marketing	38,538	41,429
Commission	<u>-</u>	<u>7,342</u>
	<u>\$ 100,388</u>	<u>\$ 89,774</u>
Occupancy		
Rent and occupancy	\$ 50,759	\$ 120,996
Repairs and maintenance	<u>590</u>	<u>2,601</u>
	<u>\$ 51,349</u>	<u>\$ 123,597</u>
General and administrative		
Professional fees	\$ 108,389	\$ 51,058
General office	74,984	51,511
Telephone and communication	39,598	39,952
Insurance	34,446	42,094
Depreciation of property and equipment	23,656	22,664
Bank charges	17,072	12,770
Equipment leasing	8,058	21,359
Interest	312	37
Accounts receivable write-off	<u>-</u>	<u>93,123</u>
	<u>\$ 306,515</u>	<u>\$ 334,568</u>

See accompanying notes to the financial statements

Imex Systems Inc.
Statement of Changes in Equity (Deficiency) (in Canadian \$)
Years Ended December 31

	Capital stock	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2011	213	2,828,392	(2,990,194)	(161,589)
Net income for the year	-	-	714,699	714,699
Other comprehensive income	-	-	-	-
Dividends	<u>-</u>	<u>-</u>	<u>(78,986)</u>	<u>(78,986)</u>
Balance at December 31, 2012	213	2,828,392	(2,354,481)	474,124
Issuance of preference shares	300,000	-	-	300,000
Net income for the year	-	-	285,572	285,572
Other comprehensive income	-	-	-	-
Dividends	<u>-</u>	<u>-</u>	<u>(156,000)</u>	<u>(156,000)</u>
Balance at December 31, 2013	<u>\$ 300,213</u>	<u>\$ 2,828,392</u>	<u>\$ (2,224,909)</u>	<u>\$ 903,696</u>

See accompanying notes to the financial statements

Imex Systems Inc.
Statement of Cash Flows (in Canadian \$)
Years Ended December 31

	<u>2013</u>	<u>2012</u>
Operating activities		
Net income for the year	\$ 285,572	\$ 714,699
Items not requiring an outlay of cash:		
Depreciation of property and equipment	23,656	22,664
Loss on disposal of property, plant and equipment	-	4,912
Gain on settlement of debt	-	(790,481)
Deferred lease allowance	-	(2,658)
	<u>309,228</u>	<u>(50,864)</u>
Net change in non-cash working capital balances:		
Accounts receivable	(3,944)	120,375
Prepaid expenses and deposits	(53,340)	(1,581)
Investment tax credits receivable	(125,000)	-
Income taxes recoverable	(329)	1,353
Accounts payable and accruals	<u>(172,196)</u>	<u>170,742</u>
	<u>(354,809)</u>	<u>290,889</u>
Cash provided by (used in) operating activities	<u>(45,581)</u>	<u>240,025</u>
Financing activities		
Issuance of preference shares for cash	300,000	-
Redemption of preference shares	(1)	-
Dividends	(156,000)	(78,986)
Repayments to shareholder debenture	<u>-</u>	<u>(250,000)</u>
Cash provided by (used in) financing activities	<u>143,999</u>	<u>(328,986)</u>
Investing activities		
Repayments from shareholder	7,673	26,567
Purchase of property and equipment	(21,564)	(139,064)
Loan to employee	(15,000)	
Advances to employee	<u>(2,000)</u>	
Cash used in investing activities	<u>(30,891)</u>	<u>(112,497)</u>
Increase (decrease) in cash during the year	67,527	(201,458)
Cash, beginning of year	<u>54,322</u>	<u>255,780</u>
Cash, end of year	<u>\$ 121,849</u>	<u>\$ 54,322</u>

See accompanying notes to the financial statements

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

1. Reporting Entity

Imex Systems Inc. (the "company") is a privately held company, incorporated under the laws of Ontario. The company develops custom business solutions, web sites, and business information and technology systems. The company currently derives approximately 100% of its revenue from contracts with ministries of the provincial government.

The registered office is at 34 Greensboro Drive, Etobicoke, Ontario, Canada.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

The Board of Directors approved the financial statements on January 19, 2016.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value and are presented in Canadian dollars.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, rounded to the nearest dollar unless otherwise indicated.

(d) Critical Estimates and Judgements

The preparation of the financial statements is in conformity with IFRS requiring management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

The primary areas in which estimates and judgements are applied are as follows:

Depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives and salvage value, both of which are determined with the exercise of judgement.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

2. Basis of Preparation (continued)

(d) Critical Estimates and Judgements (continued)

Investment tax credits

Investment tax credits relating to the acquisition of equipment, including equipment acquired for research and development, are deducted from the cost of the assets. Investment tax credits relating to current research and development expenditures are reflected in net income (loss).

Valuation of deferred tax assets

The company assesses the probability of taxable profits being available in the future based on its budget forecasts. These forecasts are adjusted to take into account non-taxable income and expenses and specific rules on the use of tax losses. When a forecast shows a net profit, the company considers that the use of deferred assets is probable and recognizes the benefit. When management believes that the benefits will not be realized, a deferred tax asset is not recognized.

3. Significant Accounting Policies

The financial statements have been prepared in accordance with IFRS and include the following significant accounting policies:

Revenue Recognition

The company derives all of its revenue from contracts to provide professional IT services to its clients. Consulting fees are recognized as revenue at the time the services are performed and invoiced to customers.

Financial Instruments

(i) Financial assets

Financial assets are classified as fair value through profit and loss (FVTPL), available-for-sale, held to maturity or loans and receivables based on management's intention relating to the purpose and nature of financial assets. The company currently has not classified any financial assets as FVTPL, available-for-sale or held to maturity.

Financial assets include cash, accounts receivable, and loans receivable from employees, which are classified as loans and receivables and are measured at amortized cost. The carrying value of these assets approximate their fair value due to the short-term nature of these assets.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

3. Significant Accounting Policies (continued)

(ii) Financial assets impairment

A financial asset other than through FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of operations. When an AFS financial asset is considered to be impaired, any cumulative gains or losses recognized previously in equity is transferred to the statement of operations.

(iii) Financial liabilities

Financial liabilities include accounts payable and accruals which are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Income Taxes

Current income tax represents the expected income taxes recoverable (or payable) on taxable income for the period using income tax rates enacted or substantively enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to the extent that it is probable that future taxable profits will be available. A deferred tax expense or benefit is recognized in other comprehensive earnings or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive earnings or directly in equity in the same or a different period.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

3. Significant Accounting Policies (continued)

Property and Equipment

Recognition and Measurement

Items of property and equipment are initially measured at cost. Items of property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Classes of property and equipment are classified by significant components, which are individually amortized over the useful life of the component.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) equipment.

The company has determined that individual classes of property and equipment do not have individually significant components.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in the statement of operations.

Subsequent Costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and methods of depreciation for property and equipment are as follows:

Computer equipment	60% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	5 years straight line

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

3. Significant Accounting Policies (continued)

New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2013, and have not been applied in preparing the financial statements:

Financial Instruments

In July 2014, the IASB completed the final elements of the proposed new IFRS 9, Financial Instruments standard to be effective January 1, 2018 with early adoption permitted. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company is assessing the possible impact of the proposed standard on the financial statements and the company is considering whether early adoption is warranted.

Revenues from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. This new standard is effective for the company's financial statements commencing January 1, 2017. The company intends to adopt the standard on its effective date and is assessing the impact on its financial statements.

4. Loan receivable from employee

The loan receivable consists of a non-interest bearing loan to an employee, due on demand with no fixed terms of repayment.

5. Investment tax credits receivable

The company makes claims in respect of scientific research and experimental development (SR&ED) expenditures for Federal and Ontario tax purposes. At year end, approximately \$125,000 of these investment tax credits (ITC's) were receivable. The company is subject to an audit of its SR&ED claim by Canada Revenue Agency prior to approval of the ITC's.

6. Financial Instruments

Fair Values

The carrying values of cash, accounts receivable, loans receivable from employees and accounts payable and accruals do not materially differ from their fair values given their short term period to maturity.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

6. Financial Instruments (continued)

Financial risk factors

The company is exposed to various risks related to its financial assets and liabilities. The following analysis provides a measure of the company's risk exposure and concentrations at December 31, 2013 and 2012

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's credit risk is primarily attributable to cash, accounts receivable and loans receivable from employees. The company manages the credit risk on cash by ensuring that the counter-parties are banks with high credit-ratings assigned by international credit agencies. The company is exposed to a concentration of credit risk on the trade receivables from its customers. As at December 31, 2013, approximately 55% of the accounts receivable balance is owed from one customer (December 31, 2012 - 37%). As at December 31, 2013 approximately \$15,000 (December 31, 2012 - \$15,000 is past due and \$nil (December 31, 2012 - \$nil) is considered impaired. With respect to the loan receivable, the risk is mitigated as the loan is to a long term employee and is repaid through deductions from payroll. The company does not anticipate significant loss for non-collection.

Liquidity risk

Liquidity risk arises from the company's management of working capital, the finance charges and principal repayments on its debt instruments. It is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, the company had current assets of \$1,351,517 (2012 - \$1,092,050) and current liabilities of \$580,155 (2012 - \$752,350). Current working capital of the company as at December 31, 2013, is \$771,362 (2012 - \$432,823).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The company is exposed to currency, interest rate and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not exposed to foreign currency risk, as the company does not have any activities that are dominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to interest rate risk, as the company does not have any significant interest bearing financial instruments.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

6. Financial Instruments (continued)

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The company is not exposed to other price risk, as the company does not have any activities that are dominated in the market prices.

7. Property and Equipment

The carrying value of property and equipment and the changes in the carrying value are as follows:

	Computer equipment	Furniture and equipment	Leasehold improvements	Total
a) Cost				
Balance at January 1, 2011	\$ 136,145	\$ 27,783	\$ 34,096	\$ 198,024
Additions	<u>2,503</u>	<u>-</u>	<u>-</u>	<u>2,503</u>
Balance at December 31, 2011	\$ 138,648	\$ 27,783	\$ 34,096	\$ 200,527
Additions	5,678	-	133,386	139,064
Disposals	<u>-</u>	<u>-</u>	<u>(34,096)</u>	<u>(34,096)</u>
Balance at December 31, 2012	\$ 144,326	\$ 27,783	\$ 133,386	\$ 305,495
Additions	<u>11,839</u>	<u>-</u>	<u>9,727</u>	<u>21,566</u>
Balance at December 31, 2013	<u>\$ 156,165</u>	<u>\$ 27,783</u>	<u>\$ 143,113</u>	<u>\$ 327,061</u>
b) Accumulated Depreciation				
Balance at January 1, 2011	\$ 110,217	\$ 20,282	\$ 24,313	\$ 154,812
Depreciation	<u>16,308</u>	<u>1,500</u>	<u>4,871</u>	<u>22,679</u>
Balance at December 31, 2011	\$ 126,525	\$ 21,782	\$ 29,184	\$ 177,491
Depreciation	8,125	1,200	13,339	22,664
Disposals	<u>-</u>	<u>-</u>	<u>(29,184)</u>	<u>(29,184)</u>
Balance at December 31, 2012	\$ 134,650	\$ 22,982	\$ 13,339	\$ 170,971
Depreciation	<u>9,357</u>	<u>960</u>	<u>13,339</u>	<u>23,656</u>
Balance at December 31, 2013	<u>\$ 144,007</u>	<u>\$ 23,942</u>	<u>\$ 26,678</u>	<u>\$ 194,627</u>
c) Carrying amounts (a - b)				
At December 31, 2011	<u>\$ 12,123</u>	<u>\$ 6,001</u>	<u>\$ 4,912</u>	<u>\$ 43,212</u>
At December 31, 2012	<u>\$ 9,676</u>	<u>\$ 4,801</u>	<u>\$ 120,047</u>	<u>\$ 134,524</u>
At December 31, 2013	<u>\$ 12,158</u>	<u>\$ 3,841</u>	<u>\$ 116,435</u>	<u>\$ 132,434</u>

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

8. Bank indebtedness

The company has a demand credit facility of up to \$750,000 with the Royal Bank of Canada ("RBC"), bearing interest at the RBC's prime rate plus 3%, per annum. The company has provided a general security assignment over the assets of the company. At December 31, 2013 and 2012, there were no outstanding draws on the facility.

The company also has a line of credit with Wells Fargo of up to \$89,000, bearing interest at 9.75% per annum. At December 31, 2013 and 2012, there were no outstanding draws on the facility.

9. Accounts Payable and Accruals

Accounts payable and accruals consist of:

	<u>2013</u>	<u>2012</u>
Accounts payable and accruals	\$ 569,413	\$ 752,350
Payroll taxes payable	<u>10,742</u>	<u>-</u>
	<u><u>\$ 580,155</u></u>	<u><u>\$ 752,350</u></u>

10. Capital Stock

Capital stock consists of:

Authorized -

Unlimited number of Class A Preference shares, voting, convertible and retractable at greater of original issue price and fair market value

2,030,303 of Class B Preference shares, non-voting, non-cumulative, redeemable and retractable at nominal value

Unlimited number of Class C shares, voting

Unlimited number of Class D shares, non-voting

	<u>2013</u>	<u>2012</u>
Issued -		
300,000 (2012: 1,204,082) Class A Preference shares	\$ 300,000	\$ 2,823,100
2,030,303 Class B Preference shares	100	100
5,867,576 (2012 - 2,030,303) Class C shares	10	10
5,867,576 (2012 - 2,030,303) Class D shares	<u>203</u>	<u>203</u>
	<u><u>300,313</u></u>	<u><u>2,823,413</u></u>

Allocated as follows:

Long term liability		
Class B Preference shares	100	100
Contributed surplus	-	2,823,100
Net capital stock	<u>300,213</u>	<u>213</u>
	<u><u>\$ 300,313</u></u>	<u><u>\$ 2,823,413</u></u>

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

10. Capital Stock (continued)

On February 13, 2012, the company entered into an agreement with the holder of the Class A shares to redeem the Class A shares held for an aggregate price of \$1. This agreement was concluded on February 2, 2013. For the purposes of these financial statements, the paid up value of the shares in excess of the redemption price was recorded as contributed surplus effective December 31, 2011.

Pursuant to articles of amendment dated February 27, 2013, the issued and outstanding Class C shares were subdivided on the basis of 2.89 Class C shares for each issued and outstanding Class C share, and the issued and outstanding Class D shares were subdivided on the basis of 2.89 Class D shares for each issued and outstanding Class D share.

On September 10, 2013, the company issued 300,000 Class A preference shares for \$300,000 cash.

11. Gain in settlement debt

A shareholder lent the company a total of \$1,040,481 in the form of a subordinated debenture plus accrued interest.

In 2012, the company and the shareholder agreed to settle the subordinated debenture for \$250,000. The remaining principal balance outstanding of \$750,000, and all accrued interest, was forgiven by the shareholder and recorded in these financial statements as a gain on settlement of debt. Any issued warrants were cancelled and declared to be of no further force or effect.

12. Income Taxes

Reconciliation of Effective Tax Rate

The income tax provision differs from the provision computed at the statutory rate as follows:

	<u>2013</u>		<u>2012</u>
Income before income taxes	<u>\$ 285,572</u>		<u>\$ 714,699</u>
Income taxes at the statutory income tax rate	\$ 44,300 15.5%		\$ 125,200 15.5%
Tax effects of:			
Non-taxable income and non-deductible expenses	(10,400) (3.6)		(121,500)(15.0)
Add: effect of unused tax losses recognized	<u>(33,900) 11.9</u>		<u>(3,700) (0.5)</u>
	<u>\$ - -%</u>		<u>\$ - -%</u>

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

12. Income Taxes (continued)

Deferred Tax Assets and Liabilities

The movement in unrecognized deferred income tax assets and liabilities is as follows:

	Balance at December 31, 2012	Credited (Charged) to Income	Balance at December 31, 2013
<u>Deferred tax assets</u>			
Property and equipment	\$ 1,830	\$ 46	\$ 1,876
Loss carry forward	<u>236,772</u>	<u>(35,712)</u>	<u>201,060</u>
Unrecognized deferred income tax assets	<u>\$ 238,602</u>	<u>\$ (35,666)</u>	<u>\$ 202,936</u>

As the company has been in a large loss position for the past few years and unlikely to realize on its deferred tax assets in the foreseeable future, the deferred tax assets have not been recognized in these financial statements.

The company has non-capital losses from prior year of approximately \$1,297,162. These losses will begin to expire at the end of 2029.

Imex Systems Inc.
Notes to the Financial Statements (in Canadian \$)
Years Ended December 31, 2013 and 2012

13. Segmented information

Geographic information

Year ended December 31, 2013

	Canada	Botswana	Total
Fee revenue	\$ 3,869,355	\$ 495,000	\$ 4,364,355
Cost of sales	<u>2,816,933</u>	<u>360,365</u>	<u>3,177,298</u>
Gross margin	1,052,422	134,635	1,187,057
Operating expenses	<u>1,108,853</u>	<u>25,135</u>	<u>1,133,988</u>
Income (losses) from operations	(56,431)	109,500	53,069
Other income	<u>232,513</u>	<u>-</u>	<u>232,513</u>
Income before taxes	176,082	109,500	285,582
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 176,082</u>	<u>\$ 109,500</u>	<u>\$ 285,582</u>

Year ended December 31, 2012

All the company's revenues and expenses were in Canada.

All the company's assets are held in Canada.

Major customers

For the year ended December 31, 2013, four customers amounted for 25%, 19%, 18% and 11% respectively of the company revenues (year ended December 31, 2012 - three customers for 23%, 11% and 11% respectively.)

14. Commitments

The company has the following future minimum premise lease payments for premises and a vehicle over the next five years:

2014	\$ 36,736
2015	\$ 66,736
2016	\$ 77,613
2017	\$ 72,000
2018	\$ 84,000
Thereafter	\$ 336,000

15. Related party transactions

Renumeration of directors and key management personnel of the company are as follows:

	<u>2013</u>	<u>2012</u>
Salaries and benefits	<u>\$ 150,732</u>	<u>\$ 132,732</u>

IMEX SYSTEMS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2015
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Imex Systems Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at September 30, 2015	As at December 31, 2014
ASSETS		
Current assets		
Cash	\$ 874,175	\$ - Funds
held in trust (note 10)	750,000	-
Accounts receivable (note 3)	6,240,139	3,911,194
Prepaid expenses	85,951	70,511
Loan receivable from employee (note 4)	35,731	17,431
Investment tax credits receivable (note 5)	-	45,448
Income taxes recoverable	18,019	329
Total current assets	8,004,015	4,044,913
Non-current assets		
Property, plant and equipment (note 6)	249,226	257,557
Total assets	\$ 8,253,241	\$ 4,302,470
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	\$ 1,011	\$ 126,025
Accounts payable and accrued liabilities (note 8)	1,611,289	1,107,347
Salaries payable	57,676	44,776
Dividends payable	180,000	516,000
Harmonized sales taxes payable	-	391,065
Current portion of long-term debt (note 9)	36,900	36,900
Subscription receipts (note 10)	700,000	-
Convertible debentures (note 11)	1,582,500	-
Total current liabilities	4,169,376	2,222,113
Non-current liabilities		
Long-term debt (note 9)	54,485	82,250
Total liabilities	4,223,861	2,304,363
Shareholders' Equity		
Capital stock (note 12)	160,956	300,213
Contributed surplus	2,884,967	2,828,492
Warrants (note 14)	32,800	- Equity
portion of convertible debentures (note 11)	401,810	-
Retained earnings (deficit)	548,847	(1,130,598)
Total shareholders' equity	4,029,380	1,998,107
Total shareholders' equity and liabilities	\$ 8,253,241	\$ 4,302,470

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Subsequent event (note 20)

Imex Systems Inc.

Condensed Interim Statements of Income and Comprehensive Income

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Fee revenue	\$ 5,248,444	\$ 2,723,754	\$ 6,629,284	\$ 5,340,196
Cost of sales				
Consulting contractors	802,150	584,264	2,475,587	1,530,879
License fees	50,000	389,437	52,665	389,437
Gross margin	4,396,294	1,750,053	4,101,032	3,419,880
Operating expenses				
General and administrative (note 19)	349,587	120,578	809,445	391,796
Remuneration (note 19)	524,168	362,142	1,365,516	935,177
Selling (note 19)	157,448	48,587	272,491	171,901
Occupancy (note 19)	31,496	20,656	63,452	61,550
Income before undernoted items	3,333,595	1,198,090	1,590,128	1,859,456
Other expenses (income)				
Loss (gain) on foreign exchange	(91,725)	(34,766)	(628,479)	78,539
Other income	-	-	-	(12,000)
Investment tax credits	-	9,131	-	9,131
Withholding tax	408,329	277,113	408,329	621,667
Accretion	84,668	-	113,228	-
	401,272	251,478	(106,922)	697,337
Income before income taxes	2,932,323	946,612	1,697,050	1,162,119
Income tax expense	11,605	-	11,605	-
Net income	2,920,718	946,612	1,685,445	1,162,119
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 2,920,718	\$ 946,612	\$ 1,685,445	\$ 1,162,119
Basic and diluted net income per share	\$ 0.29	\$ 0.16	\$ 0.27	\$ 0.20
Weighted average number of shares outstanding (note 15)	10,240,000	5,867,576	6,293,431	5,867,576

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Imex Systems Inc.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating activities		
Net income for the period	\$ 1,685,445	\$ 1,162,119
Adjustments for:		
Amortization of property, plant and equipment	53,187	42,743
Accretion	113,228	-
Finder's options recorded in professional fees	18,606	-
Changes in non-cash working capital items:		
Accounts receivable	(2,328,945)	(1,610,067)
Prepaid expenses	(15,440)	(1,621)
Investment tax credits receivable	45,448	125,000
Income taxes recoverable	(17,690)	-
Accounts payable and accrued liabilities	503,942	(23,158)
Salaries payable	12,900	38,350
Dividends payable	(336,000)	174,000
Harmonized sales taxes payable	(391,065)	14,040
Net cash used in operating activities	(656,384)	(78,594)
Investing activities		
Loan to employee	(18,300)	(360)
Increase in funds held in trust	(750,000)	-
Class A Preference shares retracted	(300,000)	-
Purchase of property, plant and equipment	(44,856)	(147,570)
Net cash used in investing activities	(1,113,156)	(147,930)
Financing activities		
Decrease (increase) in bank indebtedness	(125,014)	275,000
Dividends paid	(6,000)	(18,000)
Subscription receipt proceeds	700,000	-
Convertible debentures, net of issue costs	1,901,822	-
Units issued, net of issue costs	200,672	-
Repayment of long-term debt	(27,765)	-
Proceeds from long-term debt	-	128,405
Net cash provided by financing activities	2,643,715	385,405
Net change in cash	874,175	158,881
Cash, beginning of period	-	121,849
Cash, end of period	\$ 874,175	\$ 280,730

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Imex Systems Inc.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Capital stock	Warrants	Equity portion of convertible debentures	Contributed surplus	Retained earnings (deficit)	Total
Balance, December 31, 2013	\$ 300,213	\$ -	\$ -	\$ 2,828,392	\$ (2,224,909)	\$ 903,696
Class B shares cancelled	-	-	-	100	-	100
Dividends paid	-	-	-	-	(18,000)	(18,000)
Net income for the period	-	-	-	-	1,162,119	1,162,119
Balance, September 30, 2014	\$ 300,213	\$ -	\$ -	\$ 2,828,492	\$ (1,080,790)	\$ 2,047,915
Balance, December 31, 2014	\$ 300,213	\$ -	\$ -	\$ 2,828,492	\$ (1,130,598)	\$ 1,998,107
Units issued	240,000	-	-	-	-	240,000
Fair value of warrants	(32,800)	32,800	-	-	-	-
Issue costs	(39,328)	-	-	-	-	(39,328)
Finders options	(7,119)	-	-	56,465	-	49,346
Convertible debentures issued	-	-	401,810	-	-	401,810
Class A Preference shares retracted	(300,000)	-	-	-	-	(300,000)
Class C shares cancelled	(10)	-	-	10	-	-
Dividends paid	-	-	-	-	(6,000)	(6,000)
Net income for the period	-	-	-	-	1,685,445	1,685,445
Balance, September 30, 2015	\$ 160,956	\$ 32,800	\$ 401,810	\$ 2,884,967	\$ 548,847	\$ 4,029,380

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Imex Systems Inc.

Notes to Condensed Interim Financial Statements Three and Nine Months Ended September 30, 2015 (Expressed in Canadian Dollars) Unaudited

1. Nature of operations

Imex Systems Inc. (the "Company" or "Imex") is a privately held company, incorporated under the laws of Ontario. The company develops custom business solutions, web sites, and business information and technology systems. The company currently derives approximately 100% of its revenue from contracts with ministries of the provincial government, and international governments. The registered office is at 34 Greensboro Drive, Etobicoke, Ontario, Canada.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of March 4, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2014. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2015 could result in restatement of these unaudited condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Financial Instruments

In July 2014, the IASB completed the final elements of the proposed new IFRS 9, Financial Instruments standard to be effective January 1, 2018 with early adoption permitted. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company is assessing the possible impact of the proposed standard on the financial statements and the company is considering whether early adoption is warranted.

Revenues from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. This new standard is effective for the company's financial statements commencing January 1, 2017. The company intends to adopt the standard on its effective date and is assessing the impact on its financial statements.

Imex Systems Inc.

Notes to Condensed Interim Financial Statements Three and Nine Months Ended September 30, 2015 (Expressed in Canadian Dollars) Unaudited

3. Accounts receivable

The Company is exposed to concentration of credit risk on the trade receivables from its customers. As at September 30, 2015 approximately 91% of the accounts receivable balance is owed from one customer (December 31, 2014 – 88%). As at September 30, 2015 approximately \$2,746,000 (December 31, 2014 – \$609,000) is past due and \$nil (December 31, 2014 – \$nil) is considered impaired.

4. Loan receivable from employee

The employee advances receivable from employees are non-interest bearing, and have no set terms of repayment.

5. Investment tax credits receivable

The company makes claims in respect of scientific research and experimental development (SR&ED) expenditures for Federal and Ontario tax purposes. At September 30, 2015 - \$nil (December 31, 2014 - \$45,448) of these investment tax credits (ITC's) were receivable. The company is subject to an audit of its SR&ED claim by Canada Revenue Agency prior to approval of the ITC's. The outcome of this audit is unknown at this time.

6. Property and equipment

Cost	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2013	\$ 156,165	\$ 27,783	\$ 143,113	\$ 327,061
Additions	91,283	53,809	37,023	182,115
Balance, December 31, 2014	247,448	81,592	180,136	509,176
Additions	44,856	-	-	44,856
Balance, September 30, 2015	\$ 292,304	\$ 81,592	\$ 180,136	\$ 554,032

Accumulated Depreciation	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2013	\$ 144,007	\$ 23,942	\$ 26,678	\$ 194,627
Depreciation for the year	34,680	6,149	16,163	56,992
Balance, December 31, 2014	178,687	30,091	42,841	251,619
Depreciation for the period	31,952	7,725	13,510	53,187
Balance, September 30, 2015	\$ 210,639	\$ 37,816	\$ 56,351	\$ 304,806

Carrying Value	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2014	\$ 68,761	\$ 51,501	\$ 137,295	\$ 257,557
Balance, September 30, 2015	\$ 81,665	\$ 43,776	\$ 123,785	\$ 249,226

7. Bank indebtedness

A revolving demand facility has been authorized by the Royal Bank of Canada ("RBC") to a maximum of \$600,000 (December 31, 2014 - \$600,000) and bears interest at the bank's prime lending rate plus 3% per annum. The company has provided a general security assignment over the assets of the company. At September 30, 2015, the company had drawn \$nil (December 31, 2014 - \$131,450) from this facility.

Imex Systems Inc.

Notes to Condensed Interim Financial Statements Three and Nine Months Ended September 30, 2015 (Expressed in Canadian Dollars) Unaudited

7. Bank indebtedness (continued)

The company also has a line of credit with Wells Fargo of up to \$89,000, bearing interest at 10.25% (December 31, 2014 - 10.25%) per annum. At September 30, 2015, the company had drawn \$1,011 (December 31, 2014 - \$78,000) from this facility.

8. Accounts payable and accrued liabilities

	As at September 30, 2015	As at December 31, 2014
Accounts payable and accruals	\$ 1,560,464	\$ 1,090,598
Payroll taxes payable	50,825	16,749
	\$ 1,611,289	\$ 1,107,347

9. Long-term debt

\$100,000 payable, interest at 8.50%, repayable in monthly instalments of 2,222 on account of principal, plus interest, due November 2017, secured by a personal guarantee by the primary owner for the full amount of the loan.	\$ 57,592
\$50,000 payable, interest at 8.50%, repayable in monthly instalments of 853 on account of principal, plus interest, due November 2017, secured by a personal guarantee by the primary owner for the full amount of the loan.	33,793
	91,385
Less: current portion	36,900
	\$ 54,485

Minimum principal repayments over the next five years are as follows:

2015	\$ 9,135
2016	36,900
2017	45,350
	\$ 91,385

10. Subscription receipts

During the nine months ended September 30, 2015, the Company issued 700,000 Subscription Receipts at a subscription price of \$1.00 per Subscription Receipt. Each Subscription Receipt shall be automatically exchangeable into one Unit (note 12(ii)) immediately prior to a Going Public Event provided that it occurs within six months of the closing date (December 17, 2015). Subsequent to September 30, 2015, this condition was not met and \$650,000 of funds were returned to the investors and the remaining \$50,000 Subscription Receipts' Going Public Event date was extended to March 17, 2016. Total finders' fees of \$40,250 in cash, professional fees of \$20,428 and 40,250 finders options (valued at \$18,606) were incurred on the issuance and expensed to professional fees.

Imex Systems Inc.

Notes to Condensed Interim Financial Statements Three and Nine Months Ended September 30, 2015 (Expressed in Canadian Dollars) Unaudited

11. Convertible debentures

During the nine months ended September 30, 2015, the Company issued unsecured convertible debentures with a total principal amount of \$2,055,000. Total finders' fees of \$66,500 in cash, professional fees of \$86,678 and 66,500 finders options (valued at \$30,740) were incurred on the issuance. The debentures pay interest at a rate of 10% per annum, calculated quarterly and payable in arrears upon the earlier of maturity or a Going Public Event. Interest may be accrued and paid in cash or common shares at the option of the Company. Maturity is 24 months from the date of issuance of the Debentures. The Debentures shall be automatically converted into Units (note 12(ii)) at a price of \$1.00 per Unit immediately prior to a Going Public Event.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 20%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the debentures comprises the value of the conversion option, being the difference between the face value of the debentures and the liability element calculated above. Based on this calculation, the liability component is \$1,653,190 (\$1,469,273 net of transaction costs) and the residual equity component is \$401,810. Accretion charges attributable to the debentures for the three and nine months ended September 30, 2014 was \$84,668 and \$113,228. These amounts are added to the liability component on the statements of financial position and are included in accretion expense.

12. Capital stock

a) Authorized share capital

Unlimited Common shares

Unlimited Class B Preference shares, voting, non cumulative, redeemable and retractable at nominal value

b) Issued

Class A Preference shares	Number	Amount
Balance, December 31, 2013 and September 30, 2014	300,000	\$ 300,000
Balance, December 31, 2014	300,000	\$ 300,000
Retracted	(300,000)	(300,000)
Balance, September 30, 2015	-	\$ -

Class B Preference shares ⁽¹⁾	Number	Amount
Balance, December 31, 2013	2,030,303	\$ 100
Cancelled	(2,030,303)	(100)
Balance, September 30, 2014, December 31, 2014 and September 30, 2015	-	\$ -

(1) Classified as a long-term liability

Imex Systems Inc.

Notes to Condensed Interim Financial Statements Three and Nine Months Ended September 30, 2015 (Expressed in Canadian Dollars) Unaudited

12. Capital stock (continued)

Class C shares	Number	Amount
Balance, December 31, 2013 and September 30, 2014	5,867,576	\$ 10
Balance, December 31, 2014	5,867,576	\$ 10
Cancelled (i)	(5,867,576)	(10)
Balance, September 30, 2015	-	\$ -

Class D shares	Number	Amount
Balance, December 31, 2013 and September 30, 2014	5,867,576	\$ 203
Balance, December 31, 2014	5,867,576	\$ 203
Converted to common shares (i)	(5,867,576)	(203)
Balance, September 30, 2015	-	\$ -

Common shares	Number	Amount
Balance, December 31, 2013, September 30, 2014 and December 31, 2014	-	\$ -
Share reorganization (i)	10,000,000	203
Units issued (ii)	240,000	240,000
Fair value of warrants	-	(32,800)
Issue costs	-	(39,328)
Finders options	-	(7,119)
Balance, September 30, 2015	10,240,000	\$ 160,956

(i) On April 15, 2015, the Company amended their Articles to reorganize the share structure. 5,867,576 Class C shares were consolidated into 1 share and subsequently cancelled and 5,867,576 Class D shares were converted into 10,000,000 common shares.

(ii) On April 22, 2015 and June 17, 2015, the Company issued 160,000 and 80,000 Units, respectively, at \$1.00 per unit for total gross proceeds of \$240,000. Each Unit consists of one common share and one-half of one warrant, each whole warrant entitling the holder to subscribe for one common share at an exercise price of \$1.50 per share for a period of 18 months from the completion of a "Going Public Event" (being any one of: (i) an initial public offering by the Company; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange; (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of Imex with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States); provided, however, that in the event that the closing price of the outstanding common shares on the stock exchange on which the common shares are listed is greater than \$2.25 for a period of 20 consecutive trading days at any time after the Going Public Event, the Company may, at its option, accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the date which is the earlier of: (i) the 30th day after the date on which such notice is given; and (ii) 18 months following the completion of a Going Public Event.

Total finders' fees of \$15,400 in cash, professional fees of \$23,928 and 15,400 finders options (valued at \$7,119) were incurred on the issuance

The fair value of the 120,000 warrants was estimated at \$32,800 using the Black-Scholes option pricing formula with the following assumptions: exercise price – \$1.50, expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate - 0.63% and an expected average life of 1.5 years.

Imex Systems Inc.**Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2015
(Expressed in Canadian Dollars)
Unaudited**

13. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2013, September 30, 2014 and December 31, 2014	-	\$ -
Issued (i)	122,150	1.00
Balance, September 30, 2015	122,150	\$ 1.00

On April 22, 2015 and June 17, 2015, the Company issued 9,800 and 112,350 finders options, respectively, on the closing of the unit issuance and subscription receipts. Each option entitles the holder to subscribe for one Unit at an exercise price of \$1.00 per unit for a period of 18 months from the completion of a Going Public Event.

The fair value of the 122,150 options was estimated at \$56,465 using the Black-Scholes option pricing formula with the following assumptions: exercise price – \$1.00, expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate - 0.63% and an expected average life of 1.5 years.

14. Warrants

	Number of warrants	Amount
Balance, December 31, 2013, September 30, 2014 and December 31, 2014	-	\$ -
Issued (note 12(ii))	120,000	32,800
Balance, September 30, 2015	120,000	\$ 32,800

15. Weighted average number of shares outstanding

Weighted average number of shares outstanding for the three and nine months ended September 30, 2015 is based on the number of common shares outstanding versus the three and nine months ended September 30, 2014 which is based on the number of Class C shares. This is due to there being no common shares outstanding during the three and nine months ended September 30, 2014 and the Class C shares being considered subordinate to all other classes of equity during this period.

16. Related party transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Salaries	\$ 45,000	\$ 37,500	\$ 127,500	\$ 112,500

Imex Systems Inc.

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2015
(Expressed in Canadian Dollars)
Unaudited

17. Segmented information

The Company has determined it has one reportable segment based on how management views and operates the business.

Geographic information**Three month ended September 30, 2015**

	Canada	Botswana	Total
Fee revenue	\$ 726,248	\$ 4,522,196	\$ 5,248,444
Cost of sales	796,290	55,860	852,150
Gross margin	(70,042)	4,466,336	4,396,294
Operating expenses	818,544	244,155	1,062,699
Income (loss) before undernoted items	(888,586)	4,222,181	3,333,595
Other expenses (income)	(7,057)	408,329	401,272
Income (loss) before income taxes	(881,529)	3,813,852	2,932,323
Income tax expense	11,605	-	11,605
Net income (loss)	\$ (893,134)	\$ 3,813,852	\$ 2,920,718

Three month ended September 30, 2014

	Canada	Botswana	Total
Fee revenue	\$ 633,754	\$ 2,090,000	\$ 2,723,754
Cost of sales	587,756	385,945	973,701
Gross margin	45,998	1,704,055	1,750,053
Operating expenses	459,649	92,314	551,963
Income (loss) before undernoted items	(413,651)	1,611,741	1,198,090
Other expenses (income)	(25,635)	277,113	251,478
Net income (loss)	\$ (388,016)	\$ 1,334,628	\$ 946,612

Nine months ended September 30, 2015

	Canada	Botswana	Total
Fee revenue	\$ 2,107,088	\$ 4,522,196	\$ 6,629,284
Cost of sales	2,444,316	83,936	2,528,252
Gross margin	(337,228)	4,438,260	4,101,032
Operating expenses	2,032,658	478,246	2,510,904
Income (loss) before undernoted items	(2,369,886)	3,960,014	1,590,128
Other expenses (income)	(511,240)	404,318	(106,922)
Income before income taxes	(1,858,646)	3,555,696	1,697,050
Income tax expense	11,605	-	11,605
Net income (loss)	\$ (1,870,251)	\$ 3,555,696	\$ 1,685,445

Imex Systems Inc.

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2015
(Expressed in Canadian Dollars)
Unaudited

17. Segmented information (continued)**Geographic information (continued)****Nine months ended September 30, 2014**

	Canada	Botswana	Total
Fee revenue	\$ 1,712,429	\$ 3,627,767	\$ 5,340,196
Cost of sales	1,534,371	385,945	1,920,316
Gross margin	178,058	3,241,822	3,419,880
Operating expenses	1,258,826	301,598	1,560,424
Income (loss) before undernoted items	(1,080,768)	2,940,224	1,859,456
Other expenses (income)	(84,510)	781,847	697,337
Net income (loss)	\$ (996,258)	\$ 2,158,377	\$ 1,162,119

All of the Company's assets are held in Canada.

Major customers

In the nine months ended September 30, 2015, two customers accounted for 68.2% and 18.7% respectively of the Company's revenues (nine months ended September 30, 2014 67.9% and 11.0% respectively).

18. Commitments

In the fiscal year ended December 31, 2013, the company entered into a lease agreement committing to a new office space in Toronto for 10 years. The company has the following future minimum lease payments for the premises over the next five years:

2015	\$ 15,000
2016	72,000
2017	72,000
2018	84,000
2019	84,000
Subsequent years	252,000
	\$ 579,000

Imex Systems Inc.

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2015
(Expressed in Canadian Dollars)
Unaudited

19. Schedules to financial statements**General and Administrative**

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
General office	\$ 22,965	\$ 26,203	\$ 154,134	\$ 132,451
Professional fees	246,449	35,582	439,008	96,409
Telephone and communication	17,468	12,616	57,394	32,535
Insurance	12,683	9,848	35,513	33,149
Amortization of property, plant and equipment	17,729	14,248	53,187	42,743
Equipment and vehicle leasing	8,905	8,905	26,715	26,715
Bank charges	8,081	4,766	18,891	12,260
Interest on long-term debt	15,307	8,410	24,603	15,534
	\$ 349,587	\$ 120,578	\$ 809,445	\$ 391,796

Remuneration

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Salaries and wages	\$ 480,934	\$ 317,600	\$ 1,238,710	\$ 794,818
Employee benefits	36,569	59,717	93,829	108,352
Recruitment	1,665	(15,175)	22,977	26,539
Directors fees and expenses	5,000	-	10,000	5,468
	\$ 524,168	\$ 362,142	\$ 1,365,516	\$ 935,177

Selling

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Travel and accommodation	\$ 104,269	\$ 31,464	\$ 154,650	\$ 115,479
Marketing	53,179	17,123	117,841	56,422
	\$ 157,448	\$ 48,587	\$ 272,491	\$ 171,901

Occupancy

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Repairs and maintenance	\$ 858	\$ 708	\$ 1,356	\$ 2,561
Rent and occupancy	30,638	19,948	62,096	58,989
	\$ 31,496	\$ 20,656	\$ 63,452	\$ 61,550

Imex Systems Inc.

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2015

(Expressed in Canadian Dollars)

Unaudited

20. Subsequent event

Imex entered into a securities exchange agreement (the "Securities Exchange Agreement") dated February 18, 2016 with all of the securityholders of Imex and Ba Ba Capital Inc. (the "Corporation"), pursuant to which all of the securityholders of Imex agreed to exchange all of their securities of Imex for securities of the Corporation on a post-Consolidation basis (the "Transaction") as follows:

- all common shares of Imex will be exchanged on a one-for-one basis for common shares of the Corporation (the "Common Shares");
- all warrants of Imex will be exchanged for warrants of the Corporation on a one-for-one basis (the "Warrants");
- each Imex subscription receipt will be exchanged for one Common Share and one-half of one Warrant;
- all accrued interest under the Imex convertible debentures (the "Convertible Debentures") as of the Closing Date shall be paid and satisfied by the issuance of Common Shares at the rate of \$1.00 per Common Share;
- for each \$1 of principal sum, a holder of Convertible Debentures will receive one Common Share and one-half of one Warrant, and the Convertible Debentures will be cancelled; and
- each finder option of Imex will be exchanged for one Finder Option.

Immediately prior to completion of the Transaction, the Corporation will file articles of amendment effecting: (i) a consolidation of all of the issued and outstanding Common Shares of the Corporation on a 1 for 11 basis; and (ii) a change of the name of the Corporation to Imex Systems Inc.

Upon completion of the Transaction, Imex will become a wholly-owned subsidiary of the Corporation.

Imex Systems Inc.

Unaudited Pro Forma Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2015

Imex Systems Inc.

Pro Forma Consolidated Statement of Financial Position

As at September 30, 2015

(Unaudited - Expressed in Canadian Dollars)

	Ba Ba Capital Inc. \$	Imex Systems Inc. \$	Note Ref.	Pro Forma Adjustments \$	Pro Forma Consolidated \$
Assets					
Current assets					
Cash	238,483 ⁽¹⁾	874,175	3(d) 3(f) 3(h)	(650,000) 250,000 (33,900)	678,758
Funds held in trust	-	750,000		-	750,000
Interest receivable	37,119	-	3(g)	(24,920)	12,199
Notes receivable	54,443 ⁽¹⁾	-	3(g)	(54,443)	-
Accounts receivable	-	6,240,139	3(h)	3,900	6,244,039
Prepays expenses	-	85,951		-	85,951
Loan receivable from employee	-	35,731		-	35,731
Income taxes recoverable	-	18,019		-	18,019
Total current assets	330,045	8,004,015		(509,363)	7,824,697
Property and equipment	-	249,226		-	249,226
Total assets	330,045	8,253,241		(509,363)	8,073,923
Liabilities					
Current liabilities					
Bank indebtedness	-	1,011		-	1,011
Accounts payable and accrued liabilities	26,303	1,611,289		-	1,637,592
Salaries payable	-	57,676		-	57,676
Dividends payable	-	180,000		-	180,000
Current portion of long-term debt	-	36,900		-	36,900
Subscription receipts	-	700,000	3(d)	(700,000)	-
Convertible debentures	-	1,582,500	3(c)	(1,582,500)	-
Total current liabilities	26,303	4,169,376		(2,282,500)	1,913,179
Long-term debt	-	54,485		-	54,485
Total liabilities	26,303	4,223,861		(2,282,500)	1,967,664
Shareholders' Equity (Deficiency)					
Capital stock	3,014,247	160,956	3(a) 3(b) 3(c) 3(d) 3(e) 3(f)	2,366,696 (3,014,247) 1,843,885 46,583 1,942,425 232,917	6,593,462
Contributed surplus	-	2,884,967			2,884,967
Warrants	-	32,800	3(c) 3(d) 3(f)	140,425 3,417 17,083	193,725
Equity portion of convertible debentures	-	401,810	3(c)	(401,810)	-
Retained earnings (deficit)	(2,710,505)	548,847	3(a) 3(b) 3(e) 3(h)	(2,142,317) 2,710,505 (1,942,425) (30,000)	(3,565,895)
Total shareholders' equity	303,742	4,029,380		1,773,137	6,106,259
Total shareholders' equity and liabilities	330,045	8,253,241		(509,363)	8,073,923

(1) Due to a timing difference on the repayment of the note receivable from Imex Systems Inc., the \$200,000 note receivable has been reclassified to cash for pro-forma purposes.

See accompanying notes to the unaudited pro-forma consolidated financial statements.

Imex Systems Inc.

Pro Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

For the Nine Months Ended September 30, 2015

(Unaudited - Expressed in Canadian Dollars)

	Ba Ba Capital Inc. \$	Imex Systems Inc. \$	Note Ref.	Pro Forma Adjustments \$	Pro Forma Consolidated \$
Fee revenue	-	6,629,284		-	6,629,284
Costs of sales					
Consulting contractors	-	2,475,587	3(e)	1,942,425	4,418,012
Gross margin	-	4,153,697		(1,942,425)	2,211,272
Operating expenses					
General and administrative	79,312	862,110		-	941,422
Remuneration	-	1,365,516		-	1,365,516
Selling	-	272,491		-	272,491
Occupancy	-	63,452		-	63,452
Income (loss) before undernoted items	(79,312)	1,590,128		(1,942,425)	(431,609)
Other expenses (income)					
Loss (gain) on foreign exchange	-	(628,479)		-	(628,479)
Other income	(18,853)	-		-	(18,853)
Withholding tax	-	408,329		-	408,329
Accretion	-	113,228		-	113,228
Listing expense	-	-	3(a) 3(h)	2,142,317 30,000	2,172,317
	(18,853)	(106,922)		2,172,317	2,046,542
Income (loss) before income taxes	(60,459)	1,697,050		(4,114,742)	(2,478,151)
Income tax expense	-	11,605		-	11,605
Net income (loss) and comprehensive income (loss) for the period	(60,459)	1,685,445		(4,114,742)	(2,489,756)
Weighted average number of common shares outstanding					
- basic and diluted (note 4)	30,155,969	6,293,431	3(a) 3(e) 3(b) 3(c) 3(d) 3(f)	2,741,452 2,500,000 (30,155,969) 2,237,732 50,000 250,000	14,072,615
Basic income (loss) per share	(0.00)	0.27			(0.18)

See accompanying notes to the unaudited pro-forma consolidated financial statements.

Imex Systems Inc.

Pro Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

For the Year Ended December 31, 2014

(Unaudited - Expressed in Canadian Dollars)

	Ba Ba Capital Inc. \$	Imex Systems Inc. \$	Note Ref.	Pro Forma Adjustments \$	Pro Forma Consolidated \$
Fee revenue	-	7,745,683		-	7,745,683
Costs of sales					
Consulting contractors	-	2,281,832	3(e)	1,942,425	4,224,257
Gross margin	-	5,463,851		(1,942,425)	3,521,426
Operating expenses					
General and administrative	124,725	1,613,700		-	1,738,425
Remuneration	-	1,360,683		-	1,360,683
Selling	-	283,477		-	283,477
Occupancy	-	86,404		-	86,404
Income (loss) before undernoted items	(124,725)	2,119,587		(1,942,425)	52,437
Other expenses (income)					
Loss (gain) on foreign exchange	-	(107,371)		-	(107,371)
Other income	(8,467)	(12,015)		-	(20,482)
Withholding tax	-	(36,317)		-	(36,317)
Accretion	-	796,979		-	796,979
Listing expense	-	-	3(a) 3(h)	2,142,317 30,000	2,172,317
	(8,467)	641,276		2,172,317	2,805,126
Net income (loss) and comprehensive income (loss) for the period	(116,258)	1,478,311		(4,114,742)	(2,752,689)
Weighted average number of common shares outstanding					
- basic and diluted (note 4)	16,138,599	- ⁽¹⁾	3(a) 3(e) 3(b) 3(c) 3(d) 3(f)	2,741,452 2,500,000 (16,138,599) 2,237,732 50,000 250,000	7,779,184
Basic income (loss) per share	(0.01)	-			(0.40)

(1) Weighted average number of common shares outstanding is nil as no common shares were outstanding during the year. Weighted average number of shares outstanding previously consisted of the Class C shares, which were cancelled subsequently.

See accompanying notes to the unaudited pro-forma consolidated financial statements.

Imex Systems Inc.

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position and statements of income (loss) and comprehensive income (loss) of Imex Systems Inc. ("Imex") have been prepared by management to reflect the amalgamation of Imex with Ba Ba Capital Inc. ("Ba Ba") after giving effect to the proposed amalgamation (the "Acquisition") as described in Note 2.

The unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss have been prepared in using accounting policies and practices consistent with those used in the preparation of Ba Ba's and Imex's recent financial statements, both of which are prepared under International Financial Reporting Standards ("IFRS"). In the opinion of management, the unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation.

Certain significant estimates have been made by management in the preparation of these pro forma consolidated financial statements, in particular, the determination of the fair value of Ba Ba's assets and liabilities acquired and the fair value of the share consideration given by Imex.

The unaudited pro forma consolidated statement of financial position and statements of income (loss) and comprehensive income (loss) have been compiled from and include:

The unaudited pro forma consolidated statement of financial position as at September 30, 2015 has been compiled from:

- The statement of financial position of Ba Ba as at September 30, 2015 obtained from the unaudited interim financial statements of Ba Ba for the three and nine month period ended September 30, 2015.
- The statement of financial position of Imex as at September 30, 2015 obtained from the unaudited interim financial statements of Imex for the three and nine month period ended September 30, 2015.

The unaudited pro forma consolidated statement of income (loss) and comprehensive income (loss) for the nine month period ended September 30, 2015 has been compiled from:

- The statement of loss and comprehensive loss of Ba Ba for the nine month period ended September 30, 2015, obtained from the unaudited interim financial statements of Ba Ba for the three and nine month period ended September 30, 2015.
- The statement of income and comprehensive income of Imex for the three and nine month period ended September 30, 2015, obtained from the unaudited interim financial statements of Imex for the three and nine month period ended September 30, 2015.

Imex Systems Inc.

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

1. Basis of presentation (continued)

The unaudited pro forma consolidated statement of income (loss) and comprehensive income (loss) for the year period ended December 31, 2014 has been compiled from:

- The statement of loss and comprehensive loss of Ba Ba for the year ended December 31, 2014, obtained from the audited financial statements of Ba Ba for the years ended December 31, 2014 and 2013.
- The statement of income and comprehensive income of Imex for the year ended December 31, 2014, obtained from the audited financial statements of Imex for the year ended December 31, 2014.

The unaudited pro forma consolidated statement of financial position and pro forma consolidated statements of income (loss) and comprehensive income (loss) have been prepared as if the transaction had occurred as of September 30, 2015 for the purposes of the pro forma consolidated statement of financial position, January 1, 2015 for purposes of the pro forma consolidated statements of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2015 and January 1, 2014 for purposes of the pro forma consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2014.

The unaudited pro forma consolidated statement of financial position and statements of income (loss) and comprehensive income (loss) have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Acquisition been in effect at the date indicated.

2. Securities exchange agreement

Pursuant to the Securities Exchange Agreement:

- each Imex shareholder will receive, in exchange for each Imex common share and Class B share held, one Ba Ba common share, resulting in the issuance of 10,240,000 Ba Ba common shares to former Imex shareholders;
- each outstanding convertible security of Imex will be exchanged for a comparable convertible security of Ba Ba, having regard for the 1 to 1 exchange ratio set forth above, resulting in the issuance of 120,000 Ba Ba Warrants to former holders of Imex warrants, and 122,150 Ba Ba finders options to former holders of Imex finders options. Each Ba Ba warrant will be exercisable at a price of \$1.50 for 18 months from issuance. Each Ba Ba finders options will be exercisable into one Ba Ba common share and one-half of one Ba Ba warrant at a price of \$1.00 for 18 months from issuance (a "Unit");
- each Subscription receipt of Imex will be exchanged into one Ba Ba Unit;
- each \$1 of principal sum of Imex convertible debentures will be exchanged into one Ba Ba Unit;
- immediately prior to completion of the Acquisition, Ba Ba will file articles of amendment effecting: (i) a consolidation of all of the issued and outstanding common shares on a 1 for 11 basis; and (ii) a change of the name to Imex Systems Inc.

Imex Systems Inc.

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

2. Securities exchange agreement

- An aggregate of 2,500,000 common shares ("Performance Shares") of Ba Ba will be issued from treasury on closing to be held in escrow and released therefrom on the following basis:
 - o Upon an aggregate of \$9,000,000 in Booked Sales (signing a contract for a particular dollar amount whether or not the revenue is actually realized in the 18 months immediately following Closing) being achieved, 500,000 Performance Shares would be released from escrow;
 - o Upon an aggregate of \$10,000,000 in Booked Sales being achieved, an additional 500,000 Performance Shares would be released from escrow;
 - o Upon an aggregate of \$11,000,000 in Booked Sales being achieved, an additional 500,000 Performance Shares would be released from escrow;
 - o Upon an aggregate of \$12,000,000 in Booked Sales being achieved, an additional 500,000 Performance Shares would be released from escrow; and
 - o Upon any new large contract being signed whereby an aggregate of \$15,000,000 in Booked Sales is achieved, then an additional 500,000 Performance Shares would be released from escrow.
 - o The board of Ba Ba would have the discretion to waive target and release Performance Shares from escrow if Imex is close to meeting target Booked Sales.

As a result of the transaction, the former shareholders of Imex will own approximately 69% of the outstanding shares of Ba Ba (excluding any Performance Shares). The substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as Ba Ba does not meet the definition of a business under IFRS. As a result, the transaction is accounted for as a capital transaction with Imex being identified as the acquirer and the equity consideration being measured at fair value. The resulting consolidated financial statements are presented as a continuance of Imex. Ba Ba will be renamed Imex Systems Inc. concurrent with closing.

3. Pro forma assumptions and adjustments

(a)

Issuance of common shares	\$ 2,366,696
Total consideration paid	<u>\$ 2,366,696</u>
Cash	\$ 238,483
Interest receivable	12,199
Accounts payable and accrued liabilities	<u>(26,303)</u>
Ba Ba net assets received	<u>\$ 224,379</u>
Listing expense	<u>\$ 2,142,317</u>

Imex Systems Inc.

Notes to the Pro Forma Consolidated Financial Statements

September 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

3. Pro forma assumptions and adjustments (continued)

(a) (continued) The 2,741,452 common shares of former Ba Ba shareholders have an assigned value of \$0.8633 per share based on the value of Units issued by Imex in the nine months ended September 30, 2015 (price of the Unit less fair value of warrants).

(b) Book values of Ba Ba's capital stock and deficit are eliminated on the closing.

(c) Imex convertible debentures are automatically converted into 2,055,000 Units on the closing. In addition, 182,732 common shares will be issued to satisfy the interest payments.

The fair value of the 1,027,500 warrants was estimated at \$140,425 using the Black-Scholes option pricing formula with the following assumptions: exercise price – \$1.50, expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 0.63% and an expected average life of 1.5 years.

(d) Imex Subscription receipts are automatically converted into 50,000 Units on the closing. Subsequent to September 30, 2015, 650,000 Subscription receipts were cancelled and proceeds returned to investors. Therefore they are excluded from the conversion.

The fair value of the 25,000 warrants was estimated at \$3,417 using the Black-Scholes option pricing formula with the following assumptions: exercise price – \$1.50, expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 0.63% and an expected average life of 1.5 years.

(e) Performance Shares are issued. The Performance Shares fair value was estimated at \$1,942,425 based on the estimated chance of shares being released from escrow. The value was determined using an estimated likelihood of the issuance of 2,500,000 shares of 90% and an assigned value of \$0.8633 per share.

(f) Imex expects to complete an issuance of a minimum of 250,000 Units up to a maximum of 400,000 Units prior to completion of the Acquisition, for gross proceeds of up to \$400,000. The minimum has been included for the pro forma purposes.

The fair value of the 250,000 warrants was estimated at \$17,083 using the Black-Scholes option pricing formula with the following assumptions: exercise price – \$1.50, expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 0.63% and an expected average life of 1.5 years.

(g) Subsequent to September 30, 2015, Ba Ba wrote off the balance of certain notes receivable and interest receivable which at that time totaled \$79,363.

(h) Imex has entered into an engagement letter dated March 15, 2016 with Mackie Research Capital Corporation ("Mackie") whereby Mackie has agreed to act as Sponsor (as defined in the policies of the TSX Venture Exchange). In consideration for acting as Sponsor, Imex has agreed to pay a fee of \$30,000 plus HST to Mackie.

Imex Systems Inc.**Notes to the Pro Forma Consolidated Financial Statements****September 30, 2015****(Expressed in Canadian dollars)****(Unaudited)**

4. Pro forma share capital

(a) The following table summarizes the pro-forma share capital:

	Note	Number	Amount
Ba Ba common shares issued and outstanding September 30, 2015		30,155,969	\$ 3,014,247
Imex common shares issued and outstanding September 30, 2015		10,240,000	160,956
Issuance of common shares pursuant to the Acquisition	3(a)	2,741,452	2,366,696
Issuance of Performance Shares	3(e)	2,500,000	1,942,425
Common shares issued on conversion of convertible debentures	3(c)	2,237,732	1,984,310
Common shares issued on conversion of Subscription Receipts	3(d)	50,000	50,000
Units issued	3(f)	250,000	250,000
Valuation of warrants	3(c)		(140,425)
Valuation of warrants	3(d)		(3,417)
Valuation of warrants	3(f)		(17,083)
Elimination of Ba Ba common shares pursuant to the Acquisition	3(b)	(30,155,969)	(3,014,247)
		<u>18,019,184</u>	<u>\$ 6,593,462</u>

(b) Pro forma weighted average number of shares outstanding:

	Nine Months Ended September 30, 2015
Imex weighted average number of common shares issued and outstanding	6,293,431
Issuance of common shares pursuant to the Acquisition	2,741,452
Issuance of Performance Shares pursuant to the Acquisition	2,500,000
Imex common shares issued on conversion of convertible debentures	2,237,732
Issuance of Subscription Receipts	50,000
Units issued	250,000
	<u>14,072,615</u>
	Year Ended December 31, 2014
Imex weighted average number of common shares issued and outstanding	-
Issuance of common shares pursuant to the Acquisition	2,741,452
Issuance of Performance Shares pursuant to the Acquisition	2,500,000
Imex common shares issued on conversion of convertible debentures	2,237,732
Issuance of Subscription Receipts	50,000
Units issued	250,000
	<u>7,779,184</u>

APPENDIX "B"

Imex Systems Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Years Ended December 31, 2012, 2013, 2014

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Imex Systems Inc., ("Imex Systems", "Imex" or the "Company") and our financial performance for the year ended December 31, 2012, 2013 and 2014. This MD&A, which has been prepared as of January 19, 2016, should be read in conjunction with Imex Systems' audited financial statements as at and for the years ended December 31, 2012, 2013 and 2014 ("financial statements") and notes thereto. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's significant accounting policies are disclosed in note 3 of Imex Systems' financial statements.

Except for the historical information contained herein, this MD&A may contain forward-looking information based on the reasonable best estimates of Imex Systems of the current operating environment. These forward-looking statements are related to, but not limited to, Imex Systems' operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "estimate", "intend", "will", "may", "should", "budget", "forecast", "project" or similar words suggesting future outcomes. These statements reflect management's current assumptions and expectations regarding future events and operating performance as of the date of this MD&A. There is significant risk that Imex Systems Inc.'s predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include, but are not limited to, economic, competitive and media industry conditions. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Imex Systems. By their nature, forward-looking statements are subject to numerous assumptions, inherent risks and uncertainties which may cause actual results, events or developments to be materially different from actual results. Such factors include, but are not limited to, the following factors: industry trends, competition, dependence on key customers, long-term capital requirements and the company's future ability to fund operations, protection of intellectual property, infringement on intellectual property, dependence on key personnel and employees, rapid technology developments, new business areas and geographic markets, information technology defects, user data and cyber security, reliance on collaborative partners, operational and financial infrastructure, reliance on third-party owned communication networks, uncertain economic health of the wider economy, governmental regulation, currency fluctuations, changes in taxation, exposure to taxable presences, risk of litigation, internal controls, credit risk and liquidity. Each factor should be carefully considered and readers are cautioned against putting undue reliance on these forward-looking statements.

FISCAL 2012 OPERATIONAL HIGHLIGHTS

1. Imex redeemed preference shares owned by Blue Water Venture Fund

In 2006, Imex had issued Class A preference shares to Blue Water Venture Fund, a venture capitalist firm. On February 13, 2012, Imex Systems Inc. and Blue Water Venture Fund agreed to redeem all issued and outstanding Class A shares. A subordinated debenture between the parties was also settled, and all issued warrants were canceled. This settlement resulted in the divesting of the ORMIT product. The transaction for the shares closed on February 2, 2013.

2. Imex began refocusing on new opportunities in the public sector

Imex began exploring and undergoing significant strategic changes within the organization. These changes included redeveloping and rebranding the company's original iCity product, which was originally offered at a local government level, into the iGov system. This revamped iGov system was better equipped to service the large scale expansion from small townships to large federal governments.

With the rapid changes in the technological environment in 2012, Imex recognized the growing capabilities of mobile devices and focused heavily on developing mobile applications for government services.

3. Imex began international marketing

Imex began looking beyond Canadian borders into international opportunities. It engaged in conversation with the Government of Botswana to provide the full iGov suite solution.

FISCAL 2013 OPERATIONAL HIGHLIGHTS

1. Revenues dropped by 29% to \$4,364,355 for the year ended December 31, 2014, compared to \$6,186,163 in the prior year.

The primary factor contributing to the decrease was divesting of ORMIT product and a drop in provincial sales as local ministries and government agencies began internalizing the services that were traditionally provided by external consultants.

2. Imex secured a contract with the Government of Botswana

As a result of Imex's efforts to venture internationally, Imex pitched its iGov system to the Government of Botswana in April 2013, and was selected in June 2013 to implement its system in Botswana. The contract was finalized and signed late 2013, with full-fledged execution expected to begin in 2014.

3. Imex focused on developing its cloud services

In further efforts to stay relevant with the changing technological environment, Imex continued to work on developing cloud solutions for Citizen Service Delivery, Online and Mobile payments, and Citizen Communications.

4. Obtained first contract for Cloud Services

Scope of contract included providing iCity cloud solutions for parking tickets, property taxes, water bills, iCity Portal Framework, newsletters and alerts.

FISCAL 2014 OPERATIONAL HIGHLIGHTS

1. Revenues increased by 77% to \$7,745,683 for the year ended December 31, 2014 compared to \$4,364,355 in the prior year.

This increase was primarily attributable to a contract with the government of Botswana. This was the first full iGov implementation in a foreign country, and this move reflected Imex Systems' intention to capitalize on the demand for the modernization of governments in the international market.

2. Obtained additional contracts for Cloud Services

The first cloud contract went live and additional cloud contracts were signed with expanded scope. The scope of contracts included providing iCity cloud solutions for Property Tax, Utilities, General Accounts Receivable and Newsletters and Alerts, Fire Permits, and Pet Licenses. Additional modules expected to be delivered include Activity Registration Services, Facility Booking, Planning and Development, Service Requests and miGov mobile solutions.

3. July 2014 - CIO Review Feature: 20 Most Promising Tech Solution Providers for Public Sector

Imex Systems was named one of the 20 most promising tech solution providers for the public sector amongst thousands of companies. It was described as a company that provides advanced citizen service delivery systems and a company that manages business processes for governments efficiently, while effectively reducing costs. CIO Review recognized Imex Systems' success in offering an e-government platform solution that is "elegant, user-friendly, easy to implement, and highly cost-effective." The article also highlighted Imex Systems' ability to eliminate integration challenges and create solutions that are scalable for future growth and expansion, something other key players in the industry have struggled to accomplish.

4. 4-smart ways cities can streamline money in money out

Imex Systems was highlighted at the Smart City Council in New York as a company whose e-government services benefit both citizens and cities. The article discussed Imex Systems' two-way smart payments which help to streamline money through electronic payments and reduce the cost of paperwork and check-processing. It also notes Imex Systems' solution to the silo problem by centralizing payments for all departments, thereby enabling better tracking of funds and costs. Imex Systems' "digital wallets" were also mentioned as a way to reduce the cost and labour involved in cheque-handling and bank deposits.

5. Imex Systems Inc.: Powering Smart Cities through Smart Governments

Silicon India recognized Imex Systems as the only ready-made purpose-built e-Government technology platform available in the market. It emphasized Imex Systems' ability to create a fully integrated technology platform that includes all the required components and that eliminates the need for extensive custom development, thereby reducing implementation time and minimizing project risk. All in all, the article argues that Imex Systems not only helps to create e-governments, but smarter governments.

6. Imex Systems showcases the future of Customer Service based on IBM Watson cognitive computing technology at the Middle East Smart Government Summit in Dubai

Imex Systems unveils its new customer service platform, which is based on IBM's cognitive computing technology platform called Watson. Its primary objective is to quickly and accurately answer citizen queries, thereby improving customer service while reducing costs. Imex Systems is showcasing this technology in the United Arab Emirates, a technologically-progressive country. IBM's Watson technology can read and understand natural language like a human, and can analyze enormous quantities of data in a matter of seconds. Additionally, the Watson technology can continually learn and become "smarter", which aligns itself perfectly with Imex Systems' goal of creating smarter governments.

OVERVIEW

Founded in 1997, Imex Systems Inc. has come to be known as a pioneer in public sector modernization and service delivery transformation. Imex Systems has been working with the public sector since 2001 and developed its first integrated e-Government system in 2005. It helps to build smart governments and smart cities. Through its integrated technology platform, it brings people and processes together to achieve higher levels of efficiency, transparency and accountability within the government. With its end-to-end service delivery capability, it combines multiple departmental systems within a government into a single enterprise system thereby transforming the way governments deliver services. Through identifying and addressing all components of government interaction, the company is able to provide a 360 degree relationship between the government and the citizen. The smart components provided by Imex include: Smart Government, Smart Payments, Smart Customer Service, Smart Citizen Communications, Smart Operations, and Smart Infrastructure.

Over the last decade, its products and services have evolved significantly to meet new challenges and incorporate new and emerging technologies. Its core business and technology has evolved from being able to service small towns to entire countries. As citizens around the world are demanding better accessibility to and communication with governments, governments are under pressure to meet this demand with smarter mediums of communication and transparency. In the North American market, there is a call for governments to modernize their systems to deliver better services in an integrated fashion with better efficiencies, while reducing their overall costs. Imex Systems' offerings are capable of achieving this goal, as it provides all the pre-built components required in building an effective eGovernment. Municipal and provincial governments can select the required modules from the iGov platform to attend to the differing needs of their citizens. On an international scale, emerging countries are undergoing massive transformations, driven by ambitious citizen service improvement plans, and pressures to improve transparency and efficiency from international agencies like the World Bank. Imex Systems is able to address this demand through the comprehensive iGov solution. Additionally, with little to no legacy systems impeding the change in emerging countries, Imex Systems is able to implement its platform quickly and efficiently, thereby expediting emerging governments' transformation into smarter governments.

Imex Systems' comprehensive iGov platform includes; the iGov-Portal, the iGov-ESD Multi-Channel Service Delivery module, the iPay Payment Management module, the iGov-MCS Multi-Channel Communication System, the iGov-CRM Citizen Relationship Management module, the iGov-SPM Service Process Management module, iGov-CMS Case Management module, and the miGov App. The company's Business and Management Consulting services identify government goals and respond through effective business processes and smart technology solutions. The iPay payment system helps governments use various payment technologies, including digital payments and digital wallets, to manage their revenues from and payments to citizens in a more effective manner. The company provides both cloud and on premise solutions, depending on the needs of a government body, which has enabled it to service small towns, to large governments, to entire countries. Additionally, Imex Systems provides governments with multiple channels through which to provide their services, including contact centers, in-person services, the web, mobiles, IVR and Kiosk systems. Imex Systems fully installs and supports its solutions and guarantees a long-term strategic roadmap for its software, making it continuously relevant for organizations today and into the future.

Imex Systems Inc. is headquartered at 34 Greensboro Drive, 2nd floor, Toronto, Ontario M9W 1E1.

On February 13, 2012, the company redeemed 1,204,082 issued and outstanding Class A shares and issued 300,000 preferred shares in their place. The transaction for the shares closed on February 2, 2013.

As at December 31, 2014, Imex System had 300,000 Class A voting shares outstanding. It also has the following shares outstanding as at that date;

5,867,576 Class C shares

5,867,576 Class D shares

OPERATIONAL OVERVIEW

Business Objectives and Operations

Imex's mission is to help build the next generation of smart governments and smart cities around the world. Smart Governments utilize technology to better serve their citizens and operate in an efficient and cost effective manner. Smart Cities are cities that become livable, workable and sustainable. Imex provides technology through on premise licensing as well as a cloud services.

Imex has aggressively been developing new technologies, including but not limited to the Internet of Things (IOT), digital payments and the use of artificial intelligence and robotics to deliver a wide range of government services.

Imex intends to become a major technology provider for smart cities by collaborating with infrastructure firms and engineering firms. Together, Imex looks to revolutionize the way government and citizens interact with one another.

Products

iGov

iGov is a modular Smart Government framework with a suite of modules that help all levels of government to deliver services and information, automate and optimize internal operations, and improve staff productivity while reducing the associated costs of governance. iGov helps deliver services and receive payments through multiple channels, including the Web, Mobile, IVR, Contact Centers, Over the Counter and Kiosks. iGov is the most flexible, and the most highly integrated yet modular system on the market today. It is robust and secure while providing real time visual information.

iCity

iCity-CSP is a complete local e-Government framework that helps cities to become smart. It delivers city services in a convenient manner, efficiently manages city operations and city infrastructure, provides superior customer services to enhance citizen satisfaction, and helps to ensure compliance with regulatory requirements. iCity-CSP is built on the iGov core framework and incorporates city government and infrastructure-related specific features and services. iCity supports IOT and helps to effectively monitor and manage practically every device in the city.

iPay

The iPay payment engine is the heart of the e-Commerce and payments capability for Governments. iPay is an integrated multi-channel, multi-mode payment system specifically designed for government to receive payments and better manage revenue collection. iPay brings unprecedented scalability and functionality to governments by handling electronic payments through various channels, both automated channels like web, mobile, IVR, Kiosks and through manual channels like over the counter and contact centers. iPay includes touch screen based POS unites through desktop workstations as well as through inexpensive tablets. iPay also facilitates tax and fee collection by field staff using mobile devices. iPay complies with PCI data security standards.

The iPay payment engine also:

- Supports convenience fees and taxes;
- Can be used as part of the iGov framework or as an independent payment application;
- Accepts all modes of payments (i.e., credit cards, debit cards, digital wallets, cheques, drafts and pre-authorized bank account debits) and has the ability to accept debit cards both at POS terminals as well as on the web; and
- Can integrate/interface with virtually any financial system and backend application.

miGov

miGov is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access Government services and information. It is a combination of a Citizen facing Mobile App, Mobile Management Infrastructure and iGov, creating a Mobile Government framework. miGov enables citizens to obtain information, access services and make mobile payments. miGov supports location based services with full GIS integration.

miGov obtains the relevant information from iGov-Portal, iGov-ESD and iGov-CRM. All transaction data is updated and stored within iGov. All payments are processed through iPay.

miGov is a downloadable mobile app from app stores and it supports both smartphones and tablets using Apple iOS, Android, and Windows operating systems.

miCity

miCity is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access local government services and information. miCity supports location based services with full GIS integration. miCity can seamlessly integrate with a city's back end applications. The miCity platform provides a wide variety of information related to the City and delivers many City services. These include Waste & Recycling, Service Requests, Payments, etc.

miPay

mi-Pay integrates with iPay and helps to accept payments from citizens using mobile devices like smartphones and tablets. mi-Pay can be used within the government facilities or at any outdoor events or by mobile staff to process payments. mi-Pay does not need special hardware.

mi-Pay transactions are encrypted and carried over secure connections to ensure maximum security. It accepts both credit and debit card payments, and it supports card swipes and Chip/PIN to process payments.

iDocs

iDocs is a web-based electronic billing/statement presentment and payment solution for governments and businesses to leverage the internet to reduce costs and improve cash flow, increase operational efficiency and enhance customer relationships, while reducing paper.

This comprehensive solution enables organizations to electronically present their statements, bills or invoices and receive payments through their website, twenty-four hours per day, seven days a week.

- Some of the features of iDocs include:
- Supports all major credit cards, debit cards (Interac) and bank cards from pre-authorized account debits;
- Supports user definable workflow for invoice processing;
- Provides a scalable and cost-effective system;
- Implemented quickly without a large upfront investment;
- Extensive administrative audit functions;
- Offers detailed reporting functionality

The system effortlessly handles simple bills and statements to large complex business-to-business statements and invoices of multiple types securely and conveniently. The iDocs suite includes: Electronic Bill Presentment and Payment (EBPP), Electronic Invoice Presentment & Payment (EIPP) and Electronic Statements Presentment (ESP).

Services

Imex develops custom solutions as well as implements Commercial-Off-The-Shelf (COTS) products. Imex's services are provided on all major software and hardware platforms from Microsoft, IBM, Oracle, HP and others.

Imex provides the following management consulting services:

- Development of e-Government Strategies
- Business Cases for eServices and Contact Centers
- Business Analysis and Requirements
- Enterprise Architecture
- Business Process Review
- Business Process Re-engineering and Optimization
- Performance Measurement
- Program Management

Imex provides the following IT services:

- Business Process Automation
- Enterprise Application Integration
- Custom Application Design and Architecture
- Application Development & Maintenance
- Legacy Application Migration
- Application Modernization
- Testing and Quality Assurance
- Deployment and Support
- Data Conversion, Migration and Maintenance
- Database Administration
- Security and Infrastructure support
- Application Hosting
- Mobile Applications

Revenues

Imex earns revenues through the sale of licenses to federal governments, provincial and state governments, and large cities, as well as cloud-based services to small and medium-sized local governments. Revenues are earned on both a transaction fee and monthly subscription fee based model. Imex also provides management and IT consulting services to all levels of the government.

In 2014, revenues were earned from three categories of governments:

Federal Governments

This category focuses on the federal government. The first example of this revenue source was through the Government of Botswana contract executed in 2014. This represents the first international contract in which the full iGov solution was implemented. Despite being the first, it was successfully rolled out.

Provincial Governments

This category focuses on the provincial and state level governments. Partnerships have been established with the multiple provincial governments. These include but are not limited to the Province of Ontario, Nova Scotia, Newfoundland, Alberta and Saskatchewan. Imex has provided consulting services that include design,

development, QA, training, documentation and business and management consulting services to various provincial governments. Imex's modular suite of applications within its iGov solution can be individually selected and customized to fit the varying needs of each provincial government.

Local Governments and Municipalities

This category focuses on local municipalities which use Imex consulting services as well as select modules of iCity/iGov platform through on-premise licensing and cloud solutions. . Municipal clients include the City of Toronto, City of Barrie, King City, the City of Hamilton, Town of Fort Erie, Sturgeon County, etc.

Expenses

In 2014, expenses consisted of the following:

Cost of Sales

The cost of sales were driven primarily by consulting contractors used by Imex and license fees related to the Botswana contract.

Selling, General and Administrative Expenses

The other significant cost drivers for Imex in 2014 included:

Salaries and Wages - represents full-time and part-time employees stationed at the head office in Toronto;
Travel and Accommodation – represents both domestic and international travel;
Marketing – represents attendance at tradeshow throughout the year;
Other G&A Expenses – includes rent, professional fees, office supplies and other general operating expenses;
Withholding taxes – represents taxes paid to the Government of Botswana in connection with the Botswana contract.

Research and Development

Research and development costs ("R&D") primarily consist of wages and benefits for R&D department personnel.

Market Trends

The public sector market is becoming more favorable to the outsourced services delivery model, which is resulting in a shift towards delivering products and services to their constituencies using cloud solutions from custom developed platforms. Mobile services and payments is emerging as the future of service delivery, primarily based on user-fee models.

Governments are facing extreme budget pressures and are consequently looking for ways to reduce costs. This change is synonymous with the emergence of citizens who are demanding better service through modern technology. This is resulting in the concept of Smart Government taking root to provide services in an integrated fashion with better efficiencies. Additionally, many governments in the developed world need to modernize their systems, which were installed for Y2K.

The market for e-Government is strong in emerging countries which are racing to modernize their public sector and transform citizen service delivery. International institutions like the World Bank, IMF, ADB etc., are encouraging emerging countries to become efficient, transparent and accountable, and are providing significant amounts of funding for their e-Government initiatives.

The expected global market size for smart cities is \$1.5 Trillion (cumulative) by 2020, out of which smart governance is expected to be about 12% - \$180 Billion (Source: Frost & Sullivan). According to Frost & Sullivan, the majority of smart city projects are developed under a Build and Operate Managed (BOM) business model, which means that the smart city planner appoints a trusted partner to develop the city infrastructure and services. The partner operates and manages the smart city services. The city planner has no further role.

North America Growth

In Canada, there are 3,950 local governments (Region, County, City, Town), plus each of the provinces. In the United States, there are 38,967 local governments, plus each of the states. Currently, less than 10% of these bodies have at least one simple e-Service.

Imex has already established a proven concept, both in terms of the technology and revenue model, and has built a strong relationship with many governments in Canada. Imex is in constant discussion with governments throughout North America in order to organically grow its business footprint. In addition, Imex will also look to grow its business in North America by acquiring firms with an existing municipal customer base in managed processing and transaction based services. Imex also believes that there will be opportunities to expand the market opportunity by developing relationships with banks and communications services providers which both provide gateways to payments and electronic services.

International Growth

Emerging countries are undergoing massive transformation and have ambitious citizen service improvement plans. They want to make effective use of modern technology and they have no legacy systems impeding the change. As a result, they are able to effectively make use of the lessons learned in developed countries.

At the same time, emerging countries are also under pressure to improve transparency and efficiency from international agencies like the World Bank, the Asian Development Bank, United States Agency for International Development, etc. Imex will look to develop relationships with these agencies to assist in expanding the market opportunity in emerging countries.

In addition to Botswana and Dubai, Imex also has massive projects in the pipeline in the Middle East, Africa and Asia. Abu Dhabi (iGov – approximately \$30 million over three years), Dubai, etc.

Imex will continue to target emerging countries in Africa and the Middle East where it has been successful in generating organic business opportunities. Imex will also look to establish business relationships with emerging countries in other parts of the world such as the Caribbean and Latin/South America. A final priority for Imex will be to look to English-speaking countries outside of North America such as Australia, New Zealand and the United Kingdom.

Competitive Conditions

There are a number of companies worldwide which provide specialized vertical public sector solutions like permits, licenses, payments etc. NIC in the US is a strong competitor in the area of transaction based services. However, Imex is a niche-smart government technology provider with an integrated platform that is unique and provides everything a government requires to deliver services effectively.

SELECTED ANNUAL FINANCIAL DATA

The following table provides selected financial information for the Company as at and for the years ending December 31, 2014, December 31, 2013 and December 31, 2012. Imex Systems utilizes the non IFRS measure of earnings before interest, taxes, depreciation and amortization ("EBITDA") to measure operating performance (see "EBITDA and Net and Comprehensive Earnings" below).

	As at and for the year ended December 31, 2014	As at and for the year ended December 31, 2013	As at and for the year ended December 31, 2012
Statements of financial position data			
Total assets	\$4,302,470	\$1,483,951	\$1,226,574
Total liabilities	2,304,363	580,255	752,450
Statement of comprehensive income data			
Revenue	\$7,745,683	\$4,364,355	\$6,186,163
Cost of sales	3,371,269	3,177,298	5,035,936
Total operating expenses	2,254,827	1,133,998	1,221,224
EBITDA	2,246,831	309,540	742,312
Net income and comprehensive income	1,478,311	285,572	714,699
Basic and diluted income per share	0.19	0.05	0.35

Analysis of Revenues

Revenues for the year ended December 31, 2014 were \$7,745,683 compared to \$4,365,355, an increase of \$3,381,328 or 77%. The increase was primarily due to new revenues from a contract with the government of Botswana, offset by reduced local municipal and provincial government revenues. Revenues from the Botswana contract constituted 69% of total revenues for the year.

Revenues dropped to \$4,364,355 in 2013 from \$6,186,163 for the year ended December 31, 2012, representing a decrease of \$1,821,808 or 29%. This downward trend in provincial sales group revenues was the result of two key factors. Traditionally, Imex Systems generated most of its profits from ministries of provincial governments, who hired contractors to fill government job requests. However, local ministries and government agencies began hiring more internal staff in place of external consulting services, creating a downward push on this source of revenues. Secondly, a large contract came to completion in 2012, and accordingly, this source of revenues was not present in fiscal 2013.

Given the trend over the past three years, with traditional local ministry and government agency revenues falling and a higher demand for the iGov solution platform, Imex Systems has shifted its focus towards international government agency contracts. Following the success of the iGov platform installation in Botswana, management expects to earn annual maintenance fees from the Botswana contract in 2015, and also anticipates obtaining a similar hosting facility contract. Recognizing the market opportunity in emerging countries, Imex Systems is also looking to secure a contract with the Jamaican government similar in nature to the one that was secured with Botswana. Further, Imex Systems is also looking to provide artificial intelligence and robotic government solutions in Dubai over the course of three years. Within the North American market, Imex Systems' strategy will focus on acquiring firms with existing municipal customer bases in managed processing and transaction based services.

Analysis of Operating Expenses

Cost of Sales

Consulting contractor costs were \$2,281,832 for the year ended December 31, 2014 compared to \$3,177,298 for the year ended December 31, 2013, a decrease of \$895,466 or 28%. This trend was a continuation from 2012 where consulting contractor costs were \$5,035,936, representing a year-over-year decrease of \$1,858,638 or 37%.

In 2014, the company shifted some outsourced consulting services to full-time in-house staff, as seen through the increase in employee salaries and wages by \$531,000. The net effect of both line items still resulted in an overall decrease in compensation, since the provincial sales group sales decreased from the prior year, resulting in a smaller demand for contractors as a whole. Consulting contractors are still being used to service the local provincial and municipal government contracts. The Botswana contract required Imex to hire more full-time workers, rather than temporary sub-contractors, due to the more consistent nature of the Botswana contract. The cost of consulting contractors, when compared to the traditional revenues generated from local provincial and municipal government contracts, has increased slightly due to a general increase in overall subcontractor rates.

The decrease in 2013 as compared to 2012 was primarily due to the corresponding decrease in provincial sales group revenues, resulting in a smaller demand for contractors as a whole.

License fees were \$1,089,437 for the year ended December 31, 2014 compared to \$nil for the years ended December 31, 2013 and 2012. The increase was due to license fees related to the Botswana contract.

Remuneration

Salaries and wages were \$1,155,632 for the year ended December 31, 2014 compared to \$624,632 for the year ended December 31, 2013, an increase of \$531,000 or 85%. Salaries and wages were \$604,059 for the year ended December 31, 2012. The increase from 2013 to 2014 was a direct result of shifting some outsourced consulting services to full-time in-house staff as seen by the decrease of \$895,466 in consulting contractor costs, discussed above. The increase in full-time in-house staff was due to the Botswana contract, which required more full-time workers due to the longer-term and more consistent nature of the contract. There was not a significant increase in this expense from 2012 to 2013 as the Botswana contract did not come into play until late 2013, which ultimately fueled the change in labour requirements.

Employee benefits and recruitment expenses also increased from \$155,344 in 2014 as compared to \$44,589 in 2013 as a direct result of an increase in the number of full-time employees employed by Imex. The company also incurred additional recruitment expenses to find the appropriate personnel to add to their regular payroll. Employee benefit expenses also include training costs incurred to accommodate and train two government personnel from Botswana, which contributed to the overall increase of this cost. From 2012 to 2013, employee benefits and recruitment expenses decreased slightly, from \$59,356 in 2012 to \$44,589 in 2013, due to some employees opting out of the benefits plan offered by the company.

Selling

Travel costs were \$188,319 for the year ended December 31, 2014, compared to \$61,850 for the year ended December 31, 2013, representing an increase of \$126,469 or 204%. The increase is due to the increased travel and accommodation costs incurred to service the Botswana contract. During the year, multiple trips were made to and from Botswana to facilitate the execution of the contract. The contract was executed in multiple phases throughout the year and accordingly, high travel costs were also incurred consistently throughout the year. This increase was a continuation from the year ended December 31, 2012, where travel costs were \$41,003, representing a year-over-year increase of \$20,847 or 51%. In 2013, significant travel costs were also incurred starting in October to secure the Botswana contract, which would later be serviced in 2014.

Marketing costs were \$95,158 for the year ended December 31, 2014, compared to \$38,538 for the year ended December 31, 2013, representing an increase of \$56,620 or 147%. During the year, Imex attended a significantly higher number of exhibitions and trade shows to secure more contracts similar in nature to the Botswana contract. Exhibitions and tradeshowes were hosted in different countries including Dubai and the US. This cost is expected to rise as Imex Systems continues its various initiatives to penetrate emerging markets through such exhibitions and tradeshowes. This expense did not change significantly from 2012 to 2013.

Occupancy

Occupancy costs were \$86,404 for the year ended December 31, 2014 compared to \$51,349 for the year ended December 31, 2013, representing an increase of \$35,055 or 68%. While the company's base rent remained consistent year over year, the company experienced an increase in occupancy costs due to an establishment that was rented out in Botswana. Further, with more full-time employees in the office, the company experiences higher increased utility costs due to a higher usage level.

Occupancy costs dropped in 2013 compared to \$123,597 for the year ended December 31, 2012, representing a decrease of \$72,248 or 58%. This is because towards the end of 2012, the company shifted to its current location where the rent expense was significantly lower.

General and administrative

Professional fees were \$134,856 for the year ended December 31, 2014 compared to \$108,389 for the year ended December 31, 2013, representing an increase of \$26,467 or 24%. The increase in professional fees stemmed from additional legal costs incurred to revise and finalize the Botswana contract. Professional fees increased by \$57,331 or 112% in 2013 from \$51,058 in 2012.

Amortization of property, plant and equipment was \$56,992 for the year ended December 31, 2014 compared to \$23,656 for the year ended December 31, 2013, representing an increase of \$33,336 or 141%. This increase was due to a higher capital investment in 2014 incurred to establish the new office space. Leasehold improvements and additional furniture was purchased during the year, along with additional computer and office equipment for the additional full-time employees working out of the office. As no significant capital additions or dispositions in 2013, there was not a significant change in the amortization expense from 2012 to 2013.

Equipment leasing costs were \$35,619 for the year ended December 31, 2014 compared to \$8,058 for the year ended December 31, 2013, representing an increase of \$27,561 or 342%. This increased cost was due to two operating leases obtained in 2014 for equipment required to service the additional contracts obtained in 2014.

Interest costs were \$21,920 for the year ended December 31, 2014 compared to \$312 for the year ended December 31, 2013, representing an increase of \$21,608 or 6926%. The increase in interest was due to Imex Systems leveraging its debt-sources in the current year, which had not been the case in prior years. In 2014, Imex obtained two BDC loans amounting to a total of \$150,000, of which \$119,150 was outstanding at year-end. Further, Imex Systems also leveraged \$131,450.12 from its line of credit facility. This increase in debt resulted in a corresponding increase in interest costs. No such debt existed in 2012 or 2013.

Other items

Withholding taxes were \$796,979 for the year ended December 31, 2014. These withholding taxes were paid to the government of Botswana at 15% of the total contract value. As 2014 was the first year in which iGov was implemented internationally, no such costs were incurred in prior years.

Gain on foreign exchange was \$107,371 for the year ended December 31, 2014. This gain was primarily due to the fact that revenues from Botswana were paid in USD. Given the strength of the USD as compared to the Canadian dollar, there was a significant foreign exchange gain experienced in the year. As Imex Systems continues to venture internationally, its exposure to foreign exchange risk will also increase. Imex did not have exposure to the effects of foreign exchange fluctuations in prior years.

Impact of SR&ED Credits

Refundable credits are available as part of the SR&ED legislation to encourage businesses to conduct research & development that will lead to new, improved, or technologically-advanced products and services.

During the year ended December 31, 2014, Imex Systems recorded investment tax credit receivable of \$45,448 in respect of scientific research and development expenditures for Federal and Ontario tax purposes. \$125,000 was recorded for the year ended December 31, 2013.

EBITDA and Net and Comprehensive Earnings

Imex Systems Inc. utilizes earnings before interest, taxes, depreciation and amortization ("EBITDA") to measure operating performance. Imex Systems' definition of EBITDA excludes the aforementioned items, as well as withholding taxes paid to the Botswana government, which in Imex System's view do not reflect its core operating results. EBITDA has further been adjusted for the effect of foreign exchange gains and losses.

EBITDA is not a measure of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss prepared in accordance with IFRS or as a measure of operating performance or profitability. EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

The following table reconciles net and comprehensive earnings to EBITDA.

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Net Income & Comprehensive Income	\$1,478,311	\$285,572	\$714,699
Adjustments:			
<i>Interest</i>	21,920	312	37
<i>Taxes</i>	-	-	-
<i>Depreciation</i>	56,992	23,656	22,664
<i>Withholding taxes</i>	796,979	-	-
<i>Foreign exchange gain/loss</i>	(107,371)	-	4,912
EBITDA	\$2,246,831	\$309,540	\$742,312

EBITDA for the year ended December 31, 2014 was \$2.3 million compared to \$0.3 million in 2013 and \$0.7 million in 2012. The decrease in EBITDA earnings and net and comprehensive income from 2012 to 2013 was due to the

completion of a contract in 2012 which was not renewed in 2013, along with decreased provincial and municipal revenues, as previously discussed. The increase in EBITDA earnings and net and comprehensive income from 2013 to 2014 was primarily due to the large Botswana contract that was serviced, offset partially by a decreased income stream from traditional provincial and municipal revenues.

Earnings per share for the year ended December 31, 2014 was \$0.19, compared to \$0.05 for the year ended December 31, 2013 and \$0.35 for the year ended December 31, 2012. A decrease in earnings per share from 2012 to 2013 was due to a larger number outstanding shares in the year ended December 31, 2013. The increase in earnings per share from 2013 to 2014 was due to higher net and comprehensive income for the year ended December 31, 2014.

LIQUIDITY RISK AND CAPITAL RESOURCES

Liquidity

Cash and cash equivalents as of December 31, 2014 was in an overdraft of \$126,025, compared to a positive bank balance of \$121,849 as of December 31, 2013 and \$54,322 as of December 31, 2012.

Liquidity

As of December 31, 2014, cash and cash equivalents was in an overdraft of \$126,025. Management prepares budgets and cash flow forecasts to assist in managing its liquidity risk.

Imex's recent history shows a strong operating income trend. This trend began in 2012 when the company began revamping its traditional iCity service into iGov, continued into 2013 and kicked off in 2014 with the implementation of the iGov solution on an international scale. As the company continues to explore more international opportunities, and begins venturing into artificial and intelligent robotic solutions for governments, it is expected that this strong upward trend in operating income will continue. Imex also has access to committed credit facilities and other sources of funding to assist with the cash flow needs of the company.

Operations

Cash flows were provided by operating activities for the year ended December 31, 2014 were \$199,522. By comparison, \$45,581 were used for the year ended December 31, 2013 and \$240,025 were provided by operating activities in 2012.

The decrease in the net cash outflow from operating activities from 2013 to 2014 was primarily due to an increase in net and comprehensive income, partially offset by changes in non-cash working capital items. Changes in non-cash working capital items included:

- An increase in the non-cash expensing of amortization of property, plant and equipment of \$56,992 for the year ended December 31, 2014 compared to \$23,656 for the year ended December 31, 2013;
- An increase in the non-cash recording of the accounts receivable balance of \$2,888,020 for the year ended December 31, 2014 compared to \$3,944 for the year ended December 31, 2013;
- A decrease in the non-cash expensing of prepaid expenses of \$6,346 for the year ended December 31, 2014 compared to \$53,340 for the year ended December 31, 2013;
- An decrease in the non-cash recording of investment tax credit receivables of \$79,552 for the year ended December 31, 2014 compared to (\$125,000) for the year ended December 31, 2013;
- An increase in the non-cash recording of accounts payable of \$527,192 for the year ended December 31, 2014 compared to (\$172,196) for the year ended December 31, 2013;
- An increase in the non-cash recording of salaries payable of \$44,776, HST payable of \$391,065 and dividend payable of \$516,000 for the year ended December 31, 2014 compared to \$nil in 2013.

The increased use of cash flows in 2013 for operating activities, as compared to the cash flows generated from operating activities in 2012, was primarily due to the decrease in net and comprehensive income from 2012 to 2013, for reasons discussed above, coupled with the changes in non-cash working capital balances. Changes in non-cash working capital items included:

- A slight increase in the non-cash expensing of amortization of property, plant and equipment of \$23,656 for the year ended December 31, 2013 compared to \$22,664 for the year ended December 31, 2012;
- A loss on the disposal of property, plant and equipment recorded in the year ended December 31, 2012. No such loss was recorded for the year ended December 31, 2013;
- A non-cash gain on the settlement of debt recorded for the year ended December 31, 2012. No such non-cash gain was recorded for the year ended December 31, 2013.

Financing

Cash flows used in financing activities for the year ended December 31, 2014 were \$264,850. By comparison, \$143,999 were generated from financing activities in 2013 and \$328,986 were spent on financing activities in 2012. The cash applied in financing in activities in 2012 was due to the repayment of shareholder debt by the company. Cash flows were subsequently generated in 2013 due to the issuance of \$300,000 of preferred shares for cash partially offset by dividends paid of \$156,000. Cash flows were used in 2014 due to dividends paid of \$384,000 partially offset by loans being acquired in the year to finance the company's operations.

Investing

Cash flows used in investing activities for the year ended December 31, 2014 were \$182,546. By comparison, \$30,891 were used in investing activities for the year ended December 31, 2013 and \$112,497 were used in investing activities for the year ended December 31, 2012. The increase in cash flows used in investing activities in 2014 was primarily due to additional equipment, furniture and fixtures that were purchased for the additional full-time staff in the year.

CONTRACTUAL OBLIGATIONS

The contractual obligations held by Imex include long-term debt obligations and the office lease agreement, as described below.

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
BDC Loan	\$36,900	\$82,250	\$ -	\$119,150
Office Lease	\$30,000	\$318,000	\$336,000	\$684,000

During the fiscal year ended December 31, 2014, Imex obtained a loan from BDC, payable in monthly instalments and due at the conclusion of 3.75 years.

In the fiscal year ended December 31, 2013, Imex entered into a lease agreement committing to a new office space in Toronto for 10 years.

FINANCIAL INSTRUMENTS

The company is exposed to various risks related to its financial assets and liabilities. The following analysis provides a measure of the company's risk exposure and concentrations at December 31, 2014, 2013 and 2012. The financial instruments of the Company and the nature of the risks to which it may be subject to are as follows:

Fair value

The Company's financial instruments include cash, accounts receivable, loan receivable from employee, employee advances, bank indebtedness, accounts payable and accrued liabilities, salaries payable, dividends payable and long-term debt. The carrying value of these instruments approximate their fair value due to their short term maturities.

Liquidity risk

Liquidity risk arises from the company's management of working capital, finance charges and principal repayments on its debt instruments. It is the risk that the company will not be able to meet its financial obligations as they fall due.

The company has a comprehensive plan in place to meet its obligations as they come due. As at December 31, 2014, the company had current assets of \$4,044,913 (December 31, 2013 - \$1,351,517, December 31, 2012 - \$1,092,050) and current liabilities of \$2,222,113 (December 31, 2013 - \$580,155, December 31, 2012 - \$752,350). Current working capital of the company as at December 31, 2014 is \$1,822,800 (December 31, 2013 - \$771,362, December 31, 2012 - \$432,823).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relates to its accounts receivable. The accounts receivable are due from various government bodies; therefore, the company does not anticipate any significant loss for non-collection.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to currency risk in United States dollars. Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company does not utilize financial instruments to manage its currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments that subject it to a cash flow risk. The company does not enter into any transactions to mitigate this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to other price risk.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity comprising capital stock, contributed surplus and deficit which at December 31, 2014 totaled \$1,998,007 (December 31, 2013 - \$903,696, December 31, 2012 - \$474,124).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities. Selected information is provided to the Board of Directors of the Company.

SIGNIFICANT ACCOUNTING POLICIES

Please refer to Note 3 to the Audited Financial Statement for a description of our significant accounting policies.

ISSUED STANDARDS NOT YET ADOPTED

IFRS 9 - Financial Instruments

On July 24, 2014, the IASB completed the final elements of the proposed new IFRS 9, Financial Instruments standard to be effective January 1, 2018 with early adoption permitted. This final version supersedes all previous versions (IFRS 9 (2014)). The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company is assessing the possible impact of the proposed standard on the financial statements and the company is considering whether early adoption is warranted.

IFRS 15 – Revenues from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. The new standard sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. This new standard is effective for the company's financial statements commencing January 1, 2017.

The company intends to adopt the standard on its effective date and is assessing the impact on its financial statements.

RISKS AND UNCERTAINTIES

There are many factors that will affect Imex's ability to sustain and increase both revenue and profitability, and impact the nature and amount of its expenditures. These include:

Competition

Imex operates in highly competitive environments that include its customers' internal capabilities. Management believes that the principal competitive factors in its markets include technological strength, speed and flexibility in responding to design or schedule changes, price, quality, delivery, cost management and financial strength. The Corporation's earnings could decline if its competitors or customers can provide comparable speed and quality at a lower cost, or if the Corporation fails to adequately invest in the range and quality of services and products its customers require.

Some of the Corporation's competitors, as compared to the Corporation, are larger and have greater financial and organizational resources, geographic breadth and range of services, customer bases and brand recognition than we do. As a result, the Corporation's competitors may respond more quickly to technological changes or customer needs, consume lower fixed and variable unit costs, and obtain better terms for financing growth. If the Corporation fails to compete in any of these areas, it may lose market share and its business could be seriously harmed. There can be no assurance that the Corporation will not experience increased competition or that the Corporation will be able to maintain its profitability if its competitive environment changes.

Dependence on Key Customers

Imex's revenues are currently generated primarily from a few key customers. In 2016 and beyond, the Corporation will need to attract new clients and attempt to diversify its customer base from a limited number of potential customers and with longer lead times often being required for new programs. Imex's customers are generally governments which can result in unpredictable funding levels and government procurement and certification processes.

There can be no assurance that any of Imex's customers will not default on, delay or dispute payment of, or seek to reject its outstanding invoices.

Capital Requirements

The Corporation has limited financial resources and may require additional equity or debt financing in order to carry out its business objectives, including the continued development of new and upgraded functionality of the

Corporation's products and services. There can be no assurance that debt or equity financing or cash generated by operations would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it would be on terms acceptable to the Corporation. Failure to obtain sufficient financing may result in the delay or indefinite postponement of development or production on any or all of the Corporation's products and services which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Protection of Intellectual Property

The Corporation's commercial success depends upon its ability to develop new or improved technologies and products, and to successfully obtain or acquire patent or other proprietary or statutory protection for these technologies and products in Canada, the United States and other countries.

The Corporation relies on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While the Corporation enters into confidentiality and non-disclosure agreements with its employees, consultants, customers, potential customers and others to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of its confidentiality and non-disclosure agreements will not be honored;
- third parties will independently develop equivalent technology or misappropriate the Corporation's technology or designs;
- disputes will arise with the Corporation's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of the Corporation's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

There can be no assurance that the Corporation will be successful in protecting its intellectual property rights. Inability to protect its intellectual property rights could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Infringement on Intellectual Property

The Corporation's commercial success depends upon the Corporation avoiding infringing intellectual property rights owned by others. The industry in which the Corporation competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Corporation in its products. Some of these patents may grant very broad protection to the third party owners of the patents. Patents can be issued very rapidly and there is often a great deal of secrecy surrounding pending patents. The Corporation cannot determine with certainty whether any existing third-party patents or the issuance of any new third-party patents would require the Corporation to alter its technologies, pay for licenses or cease certain activities. Third parties may assert intellectual property infringement claims against the Corporation and against its customers and suppliers. The Corporation may be subject to these types of claims either directly or indirectly through indemnities against these claims that it provides to certain customers, partners and suppliers. There can be no assurance that the Corporation's attempts to negotiate favourable intellectual property indemnities with its suppliers for infringement of third-party intellectual property rights will be successful or that a supplier's indemnity will cover all damages and losses suffered by the Corporation and its customers, partners and other suppliers due to infringing products, or that the Corporation can secure a license, modification or replacement of a supplier's products with non-infringing products that may otherwise mitigate such damages and losses.

Some of the Corporation's competitors have, or are affiliated with companies that have, substantially greater resources than the Corporation, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation to a greater degree and for longer periods of time than the Corporation. Regardless of whether third-party claims of infringement against the Corporation have any merit, these claims could:

- adversely affect the Corporation's relationships with its customers;
- be time-consuming to evaluate and defend;
- result in costly litigation;
- result in negative publicity for the Corporation;
- divert management's attention and resources;
- cause product and software delivery delays or stoppages;
- subject the Corporation to significant liabilities;
- require the Corporation to enter into costly royalty or licensing agreements;
- require the Corporation to develop possible workaround solutions that may be costly and disruptive to implement; or
- require the Corporation to cease certain activities or to cease distributing its products and delivering its services in certain markets.

In addition to being liable for potentially substantial damages relating to a patent or other intellectual property infringement action against the Corporation or, in certain circumstances, the Corporation's customers with respect to its products and services, the Corporation may be prohibited from developing or commercializing certain technologies or products unless the Corporation obtains a license from the holder of the patent or other intellectual property rights. There can be no assurance that the Corporation will be able to obtain any such license on commercially reasonable terms, or at all. If the Corporation does not obtain such a license, its prospects, business, operating results and financial condition could be materially adversely affected and the Corporation could be required to cease related business operations in some markets and restructure its business to focus on continuing operations in other markets. In addition, the Corporation includes and promotes certain third-party applications and content with its products. The Corporation's support and promotion of third-party applications and content increases the risk of intellectual property litigation if such applications and content infringe on the patents or other intellectual property rights of others.

Dependence on Key Personnel and Employees

The success of the Corporation is dependent on the services and performance of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. The Corporation strongly depends on the business and technical expertise of its management and key personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that the Corporation will be able to engage the services of such personnel or retain its current personnel.

Rapid Technology Developments

The industries targeted by Imex's business are characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users, the Corporation will need to continue developing new and upgraded functionality of its products and services and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Corporation is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging

technological trends and the changing needs of end-users, the Corporation may lose clients and/or fail to secure new clients.

The Corporation has developed and is continuing to develop a number of products and services incorporating advanced technologies and it will pursue those products and services that it expects to have the best chance for success based on the Corporation's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Corporation will be able to develop new products, services and technologies to keep up-to-date with developments and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Defects in Products and Services

The Corporation's products and services are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Defects, errors or bugs found in the Corporation's new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, the Corporation may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in the Corporation's products or services could result in loss of or delay in end user acceptance of its products or services and may harm the Corporation's reputation. Correcting such errors and failures in its products or services could require significant expenditures by the Corporation, involving cost or time and effort of personnel.

The consequences of such errors, failures and claims could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

User Data/Cybersecurity

The Corporation may require the registration of its users prior to accessing its products or services or certain features of its products or services and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user data that is collected. The Corporation's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the Corporation's data or its user's data. If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Corporation's terms of service or policies, could damage the Corporation's reputation and the Corporation's brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against the Corporation in connection with such incidents, which could cause the Corporation to incur significant expense and liability or result in orders or consent decrees forcing the Corporation to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The costs related to cyber security or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect the Corporation's internal operations, the services it provides to customers, loss of competitive advantages derived from its research and development efforts, early obsolescence of its products and services, its future financial results, its reputation or its share price.

The Corporation transmits and stores a large volume of data. The interpretation of privacy and data protection laws and their application to the Internet is unclear and subject to rapid change in numerous jurisdictions. There is a risk that these laws may be interpreted and applied in a manner that is not consistent with the Corporation's

data protection practices and results in additional compliance or changes in the Corporation's business practices, or both, and liability or sanction under these laws. In addition, certain foreign jurisdictions may claim that the Corporation is required to comply with local laws, even where the Corporation has no local operating entity, employees, infrastructure or other physical presence in those jurisdictions.

Reliance on Collaborative Partners

The Corporation expects to rely on collaborative arrangements to provide services and to develop and commercialize some of its products or services in the future. There can be no assurance that the Corporation will be able to negotiate acceptable collaborative arrangements, that such collaborative arrangements will be successful or that the Corporation would not be required to relinquish certain material rights to its products or services. In addition, there can be no assurance that the Corporation's collaborative partners will not pursue alternative technologies or develop alternative products or services either on their own or in collaboration with others, including the Corporation's competitors. To the extent that the Corporation succeeds in entering into collaborative arrangements, it will be dependent on the efforts of third parties for the continued development of certain services or products.

Additionally, the Corporation employs agents and subcontractors as part of the delivery of the Corporation's services to its customers and as part of the development and commercialization of the Corporation's products. The ultimate liability for the performance of the agents or subcontractors lies with the Corporation. Further, the Corporation's business model is based on the distribution of its products and services by third parties. If these third parties are not successful in distributing the Corporation's products and services it could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

New Business Areas and Geographic Markets

The Corporation's growth strategy is dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated clients and revenue. In addition, any expansion into new business areas or geographic markets could expose the Corporation to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third party intellectual property rights; the cost of localising software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner. These factors could cause the Corporation's expansion into new business areas or geographic markets to be unsuccessful or less profitable than its existing markets, or could cause the Corporation's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation expects that a substantial portion of its future revenue will be derived from its business operations outside of Canada. Execution of this business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. If the Corporation does proceed to operate in different international regions, revenues earned from customers may decrease in the future for a variety of reasons, including increased competition and new entrants into geographic markets in which the Corporation operates or intends to operate. Depending on the countries involved, any or all of the foregoing factors could have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in countries within which the Corporation intends to operate will not change. Any such change could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Operational and Financial Infrastructure

The Corporation is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. This expansion may require the Corporation to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Information Technology Defects

The integrity, reliability and operational performance of the Corporation's content aggregation, parsing and distribution and other operational information technology ("IT") systems are critical to the Corporation's ability to serve its clients. The Corporation's IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of these IT systems or the telecommunications and/or other third party infrastructure on which such systems rely, as described in "Reliance on Third Party Owned Communication Networks", could lead to significant costs and disruptions that could reduce the Corporation's revenue, harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation has procedures and measures in place to protect against network or IT system failure or disruption. However, those procedures and measures may not be effective to ensure that the Corporation is able to carry on its business in the ordinary course if they fail or are disrupted. In addition, the Corporation's IT systems may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage, hackers, denial of service attacks, viruses or cybercrime. Any failure in these protections could harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Reliance on Third-Party Owned Communication Networks

The delivery of the Corporation's products and services and a significant portion of the Corporation's revenues are dependent on the continued use and expansion of third-party owned communication networks, including wireless networks and the Internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for the Corporation.

Effective delivery of the Corporation's products and services through the Internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access the Corporation's content. Changes in access fees to distributors, such as the Corporation or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, as described in "Governmental Regulation of the Internet" could result in increased costs to the Corporation. All of these factors are out of the Corporation's control and the manifestation of any of them could ultimately have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of the Corporation's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a

development project, loss of revenue because of the inability of users or subscribers to use the Corporation's services, or the cancellation by users or subscribers of their service with the Corporation, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Uncertain Economic Health of the Wider Economy

The Corporation's revenue streams are dependent on the overall macro-economic environment. Current and future conditions in the domestic and global economies remain uncertain. Accordingly, adverse developments in the macro-economic environment could substantially reduce the funds spent on the products and services offered by Imex and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Governmental Regulation of the Internet

Governments and regulatory authorities in some jurisdictions in which the Corporation's content originates or its users reside, including Canada, impose rules and regulations affecting the third party owned communications networks over which the Corporation's services are accessed, including Internet and mobile connectivity ("network services") and affecting the audiovisual content distributed to the public as part of the Corporation's services ("audiovisual media"). In certain circumstances this frequently controversial governmental regulation of the Internet protects the Corporation's activities from certain tactics by competitors or potential competitors. Should efforts to overturn this governmental regulation prove successful, network services providers could impose restrictions that adversely impact the Corporation's ability to deliver content on an equal footing with other audiovisual media providers.

Currency Fluctuations

The Corporation's reporting currency is Canadian dollars but an increasing proportion of the Corporation's revenue may be earned and expenses may be incurred in other currencies, including the US dollar. See "New Business Areas and Geographic Markets". The movement of any of these currencies against the Canadian dollar could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Changes in Taxation

Changes in taxation rates or law, or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges, financial loss, including penalties and reputational damage, and which could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Exposure to Taxable Presences

The policy of the Corporation will be to manage and operate its business in a way that is intended to ensure that it is resident for tax purposes solely in the jurisdiction in which it is incorporated or domiciled and that it has no taxable permanent establishments or other taxable presence in any other jurisdiction. However, if the Corporation is found to be tax resident elsewhere or to have a taxable permanent establishment or other taxable presence elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the overall amount of tax payable by the Corporation.

Risk of Litigation

The Corporation may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If the Corporation is unable to resolve these disputes

favourably, it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers. The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. Although the Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivables and historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area, there is no assurance that the allowance for doubtful accounts will be sufficient to cover credit losses in the future and future credit losses could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. There is no assurance that the Corporation's approach to managing liquidity will prove successful and should the Corporation be unable to meet its liabilities when due it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

APPENDIX "C"

Imex Systems Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2015

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Imex Systems Inc., ("Imex Systems", "Imex" or the "Company") and the financial performance for the three and nine months ended September 30, 2015. This MD&A, which has been prepared as of March 4, 2016, should be read in conjunction with Imex Systems' unaudited condensed interim financial statements for the three and nine month ended September 30, 2015 ("financial statements"), the audited financial statements as at and for the years ended December 31, 2013 and 2014 and notes thereto. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

Except for the historical information contained herein, this MD&A may contain forward-looking information based on the reasonable best estimates of Imex Systems of the current operating environment. These forward-looking statements are related to, but not limited to, Imex Systems' operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "estimate", "intend", "will", "may", "should", "budget", "forecast", "project" or similar words suggesting future outcomes. These statements reflect management's current assumptions and expectations regarding future events and operating performance as of the date of this MD&A. There is significant risk that Imex Systems Inc.'s predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include, but are not limited to, economic, competitive and media industry conditions. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Imex Systems. By their nature, forward-looking statements are subject to numerous assumptions, inherent risks and uncertainties which may cause actual results, events or developments to be materially different from actual results. Such factors include, but are not limited to, the following factors: industry trends, competition, dependence on key customers, long-term capital requirements and the company's future ability to fund operations, protection of intellectual property, infringement on intellectual property, dependence on key personnel and employees, rapid technology developments, new business areas and geographic markets, information technology defects, user data and cyber security, reliance on collaborative partners, operational and financial infrastructure, reliance on third-party owned communication networks, uncertain economic health of the wider economy, governmental regulation, currency fluctuations, changes in taxation, exposure to taxable presences, risk of litigation, internal controls, credit risk and liquidity. Each factor should be carefully considered and readers are cautioned against putting undue reliance on these forward-looking statements.

FISCAL 2015 OPERATIONAL HIGHLIGHTS

1. **Revenues increased by 24% to \$6,629,284 for the nine months ended September 30, 2015 compared to \$5,340,196 in the prior period.**

This increase was primarily attributable to a contract with the government of Botswana. This was the first full iGov implementation in a foreign country, and this move reflected Imex Systems' intention to capitalize on the demand for the modernization of governments in the international market.

2. **On April 22, 2015 and June 17, 2015, the Company issued 160,000 and 80,000 Units, respectively, at \$1.00 per unit for total gross proceeds of \$240,000.**

Each Unit consists of one common share and one-half of one warrant, each whole warrant entitling the holder to subscribe for one common share at an exercise price of \$1.50 per share for a period of 18 months from the completion of a "Going Public Event" (being any one of: (i) an initial public offering by the Company; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange; (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of Imex with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States); provided, however, that in the event that the closing price of the outstanding common shares on the stock exchange on which the common shares are listed is greater than \$2.25 for a period of 20 consecutive trading days at any time after the Going Public Event, the Company may, at its option, accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the date which is the earlier of: (i) the 30th day after the date on which such notice is given; and (ii) 18 months following the completion of a Going Public Event.

3. **During the nine months ended September 30, 2015, the Company issued 700,000 Subscription Receipts at a subscription price of \$1.00 per Subscription Receipt.**

Each Subscription Receipt shall be automatically exchangeable into one Unit (note 11(i)) immediately prior to a Going Public Event provided that it occurs within six months of the closing date (December 17, 2015). Subsequent to September 30, 2015, this condition was not met and \$650,000 of funds were returned to the investors and the remaining \$50,000 Subscription Receipts' Going Public Event date was extended to March 17, 2016.

4. **During the nine months ended September 30, 2015, the Company issued unsecured convertible debentures with a total principal amount of \$2,055,000.**

The debentures pay interest at a rate of 10% per annum, calculated quarterly and payable in arrears upon the earlier of maturity or a Going Public Event. Interest may be accrued and paid in cash or common shares at the option of the Company. Maturity is 24 months from the date of issuance of the Debentures. The Debentures shall be automatically converted into Units at a price of \$1.00 Unit immediately prior to a Going Public Event.

OVERVIEW

Founded in 1997, Imex Systems Inc. has come to be known as a pioneer in public sector modernization and service delivery transformation. Imex Systems has been working with the public sector since 2001 and developed its first integrated e-Government system in 2005. It helps to build smart governments and smart cities. Through its integrated technology platform, it brings people and processes together to achieve higher levels of efficiency, transparency and accountability within the government. With its end-to-end service delivery capability, it combines multiple departmental systems within a government into a single enterprise system thereby transforming the way governments deliver services. Through identifying and addressing all components of government interaction, the company is able to provide a 360 degree relationship between the government and the citizen. The smart components provided by Imex include: Smart Government, Smart Payments, Smart Customer Service, Smart Citizen Communications, Smart Operations, and Smart Infrastructure.

Over the last decade, its products and services have evolved significantly to meet new challenges and incorporate new and emerging technologies. Its core business and technology has evolved from being able to service small towns to entire countries. As citizens around the world are demanding better accessibility to and communication with governments, governments are under pressure to meet this demand with smarter mediums of communication and transparency. In the North American market, there is a call for governments to modernize their systems to deliver better services in an integrated fashion with better efficiencies, while reducing their overall costs. Imex Systems' offerings are capable of achieving this goal, as it provides all the pre-built components required in building an effective eGovernment. Municipal and provincial governments can select the required modules from the iGov platform to attend to the differing needs of their citizens. On an international scale, emerging countries are undergoing massive transformations, driven by ambitious citizen service improvement plans, and pressures to improve transparency and efficiency from international agencies like the World Bank. Imex Systems is able to address this demand through the comprehensive iGov solution. Additionally, with little to no legacy systems impeding the change in emerging countries, Imex Systems is able to implement its platform quickly and efficiently, thereby expediting emerging governments' transformation into smarter governments.

Imex Systems' comprehensive iGov platform includes; the iGov-Portal, the iGov-ESD Multi-Channel Service Delivery module, the iPay Payment Management module, the iGov-MCS Multi-Channel Communication System, the iGov-CRM Citizen Relationship Management module, the iGov-SPM Service Process Management module, iGov-CMS Case Management module, and the miGov App. The company's Business and Management Consulting services identify government goals and respond through effective business processes and smart technology solutions. The iPay payment system helps governments use various payment technologies, including digital payments and digital wallets, to manage their revenues from and payments to citizens in a more effective manner. The company provides both cloud and on premise solutions, depending on the needs of a government body, which has enabled it to service small towns, to large governments, to entire countries. Additionally, Imex Systems provides governments with multiple channels through which to provide their services, including contact centers, in-person services, the web, mobiles, IVR and Kiosk systems. Imex Systems fully installs and supports its solutions and guarantees a long-term strategic roadmap for its software, making it continuously relevant for organizations today and into the future.

Imex Systems Inc. is headquartered at 34 Greensboro Drive, 2nd floor, Toronto, Ontario M9W 1E1.

As at September 30, 2015, Imex System had the following capital stock outstanding:

10,240,000 common shares

OPERATIONAL OVERVIEW

Business Objectives and Operations

Imex's mission is to help build the next generation of smart governments and smart cities around the world. Smart Governments utilize technology to better serve their citizens and operate in an efficient and cost effective manner. Smart Cities are cities that become livable, workable and sustainable. Imex provides technology through on premise licensing as well as a cloud services.

Imex has aggressively been developing new technologies, including but not limited to the Internet of Things (IOT), digital payments and the use of artificial intelligence and robotics to deliver a wide range of government services.

Imex intends to become a major technology provider for smart cities by collaborating with infrastructure firms and engineering firms. Together, Imex looks to revolutionize the way government and citizens interact with one another.

Products

iGov

iGov is a modular Smart Government framework with a suite of modules that help all levels of government to deliver services and information, automate and optimize internal operations, and improve staff productivity while reducing the associated costs of governance. iGov helps deliver services and receive payments through multiple channels, including the Web, Mobile, IVR, Contact Centers, Over the Counter and Kiosks. iGov is the most flexible, and the most highly integrated yet modular system on the market today. It is robust and secure while providing real time visual information.

iCity

iCity-CSP is a complete local e-Government framework that helps cities to become smart. It delivers city services in a convenient manner, efficiently manages city operations and city infrastructure, provides superior customer services to enhance citizen satisfaction, and helps to ensure compliance with regulatory requirements. iCity-CSP is built on the iGov core framework and incorporates city government and infrastructure-related specific features and services. iCity supports IOT and helps to effectively monitor and manage practically every device in the city.

iPay

The iPay payment engine is the heart of the e-Commerce and payments capability for Governments. iPay is an integrated multi-channel, multi-mode payment system specifically designed for government to receive payments and better manage revenue collection. iPay brings unprecedented scalability and functionality to governments by handling electronic payments through various channels, both automated channels like web, mobile, IVR, Kiosks and through manual channels like over the counter and contact centers. iPay includes touch screen based POS unites through desktop workstations as well as through inexpensive tablets. iPay also facilitates tax and fee collection by field staff using mobile devices. iPay complies with PCI data security standards.

The iPay payment engine also:

- Supports convenience fees and taxes;
- Can be used as part of the iGov framework or as an independent payment application;
- Accepts all modes of payments (i.e., credit cards, debit cards, digital wallets, cheques, drafts and pre-authorized bank account debits) and has the ability to accept debit cards both at POS terminals as well as on the web; and
- Can integrate/interface with virtually any financial system and backend application.

miGov

miGov is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access Government services and information. It is a combination of a Citizen facing Mobile App, Mobile Management Infrastructure and iGov, creating a Mobile Government framework. miGov enables citizens to obtain information, access services and make mobile payments. miGov supports location based services with full GIS integration.

miGov obtains the relevant information from iGov-Portal, iGov-ESD and iGov-CRM. All transaction data is updated and stored within iGov. All payments are processed through iPay.

miGov is a downloadable mobile app from app stores and it supports both smartphones and tablets using Apple iOS, Android, and Windows operating systems.

miCity

miCity is a versatile mobile app based on the miGov mobile framework that provides any time and any device convenience to citizens to access local government services and information. miCity supports location based services with full GIS integration. miCity can seamlessly integrate with a city's back end applications. The miCity platform provides a wide variety of information related to the City and delivers many City services. These include Waste & Recycling, Service Requests, Payments, etc.

miPay

mi-Pay integrates with iPay and helps to accept payments from citizens using mobile devices like smartphones and tablets. mi-Pay can be used within the government facilities or at any outdoor events or by mobile staff to process payments. mi-Pay does not need special hardware.

mi-Pay transactions are encrypted and carried over secure connections to ensure maximum security. It accepts both credit and debit card payments, and it supports card swipes and Chip/PIN to process payments.

iDocs

iDocs is a web-based electronic billing/statement presentment and payment solution for governments and businesses to leverage the internet to reduce costs and improve cash flow, increase operational efficiency and enhance customer relationships, while reducing paper.

This comprehensive solution enables organizations to electronically present their statements, bills or invoices and receive payments through their website, twenty-four hours per day, seven days a week.

- Some of the features of iDocs include:
- Supports all major credit cards, debit cards (Interac) and bank cards from pre-authorized account debits;
- Supports user definable workflow for invoice processing;
- Provides a scalable and cost-effective system;
- Implemented quickly without a large upfront investment;
- Extensive administrative audit functions;
- Offers detailed reporting functionality

The system effortlessly handles simple bills and statements to large complex business-to-business statements and invoices of multiple types securely and conveniently. The iDocs suite includes: Electronic Bill Presentment and Payment (EBPP), Electronic Invoice Presentment & Payment (EIPP) and Electronic Statements Presentment (ESP).

Services

Imex develops custom solutions as well as implements Commercial-Off-The-Shelf (COTS) products. Imex's services are provided on all major software and hardware platforms from Microsoft, IBM, Oracle, HP and others.

Imex provides the following management consulting services:

- Development of e-Government Strategies
- Business Cases for eServices and Contact Centers
- Business Analysis and Requirements
- Enterprise Architecture
- Business Process Review
- Business Process Re-engineering and Optimization
- Performance Measurement
- Program Management

Imex provides the following IT services:

- Business Process Automation
- Enterprise Application Integration
- Custom Application Design and Architecture
- Application Development & Maintenance
- Legacy Application Migration
- Application Modernization
- Testing and Quality Assurance
- Deployment and Support
- Data Conversion, Migration and Maintenance
- Database Administration
- Security and Infrastructure support
- Application Hosting
- Mobile Applications

Revenues

Imex earns revenues through the sale of licenses to federal governments, provincial and state governments, and large cities, as well as cloud-based services to small and medium-sized local governments. Revenues are earned on both a transaction fee and monthly subscription fee based model. Imex also provides management and IT consulting services to all levels of the government.

In 2014, revenues were earned from three categories of governments:

Federal Governments

This category focuses on the federal government. The first example of this revenue source was through the Government of Botswana contract executed in 2014. This represents the first international contract in which the full iGov solution was implemented. Despite being the first, it was successfully rolled out.

Provincial Governments

This category focuses on the provincial and state level governments. Partnerships have been established with the multiple provincial governments. These include but are not limited to the Province of Ontario, Nova Scotia, Newfoundland, Alberta and Saskatchewan. Imex has provided consulting services that include design, development, QA, training, documentation and business and management consulting services to various provincial

governments. Imex's modular suite of applications within its iGov solution can be individually selected and customized to fit the varying needs of each provincial government.

Local Governments and Municipalities

This category focuses on local municipalities which use Imex consulting services as well as select modules of iCity/iGov platform through on-premise licensing and cloud solutions. . Municipal clients include the City of Toronto, City of Barrie, King City, the City of Hamilton, Town of Fort Erie, Sturgeon County, etc.

Expenses

In 2015, expenses consisted of the following:

Cost of Sales

The cost of sales were driven primarily by consulting contractors used by Imex and license fees related to the Botswana contract.

Selling, General and Administrative Expenses

The other significant cost drivers for Imex in 2015 included:

Salaries and Wages - represents full-time and part-time employees stationed at the head office in Toronto;

Travel and Accommodation – represents both domestic and international travel;

Marketing – represents attendance at tradeshow throughout the year and a marketing consultant engaged;

Other G&A Expenses – includes rent, professional fees, office supplies, licensing fees and other general operating expenses;

Withholding taxes – represents taxes paid to the Government of Botswana in connection with the Botswana contract.

Research and Development

Research and development costs ("R&D") primarily consist of wages and benefits for R&D department personnel.

Market Trends

The public sector market is becoming more favorable to the outsourced services delivery model, which is resulting in a shift towards delivering products and services to their constituencies using cloud solutions from custom developed platforms. Mobile services and payments is emerging as the future of service delivery, primarily based on user-fee models.

Governments are facing extreme budget pressures and are consequently looking for ways to reduce costs. This change is synonymous with the emergence of citizens who are demanding better service through modern technology. This is resulting in the concept of Smart Government taking root to provide services in an integrated fashion with better efficiencies. Additionally, many governments in the developed world need to modernize their systems, which were installed for Y2K.

The market for e-Government is strong in emerging countries which are racing to modernize their public sector and transform citizen service delivery. International institutions like the World Bank, IMF, ADB etc., are encouraging emerging countries to become efficient, transparent and accountable, and are providing significant amounts of funding for their e-Government initiatives.

The expected global market size for smart cities is \$1.5 Trillion (cumulative) by 2020, out of which smart governance is expected to be about 12% - \$180 Billion (Source: Frost & Sullivan). According to Frost & Sullivan, the majority of smart city projects are developed under a Build and Operate Managed (BOM) business model, which means that the smart city planner appoints a trusted partner to develop the city infrastructure and services. The partner operates and manages the smart city services. The city planner has no further role.

North America Growth

In Canada, there are 3,950 local governments (Region, County, City, Town), plus each of the provinces. In the United States, there are 38,967 local governments, plus each of the states. Currently, less than 10% of these bodies have at least one simple e-Service. IDC Government Insights estimates the market for just the Civic Technology (iGov type services) in the U.S. state and local governments is \$6.4 billion in 2015, and is growing 14 times faster than traditional IT.

Imex has already established a proven concept, both in terms of the technology and revenue model, and has built a strong relationship with many governments in Canada. Imex is in constant discussion with governments throughout North America in order to organically grow its business footprint. In addition, Imex will also look to grow its business in North America by acquiring firms with an existing municipal customer base in managed processing and transaction based services. Imex also believes that there will be opportunities to expand the market opportunity by developing relationships with banks and communications services providers which both provide gateways to payments and electronic services.

International Growth

Emerging countries are undergoing massive transformation and have ambitious citizen service improvement plans. They want to make effective use of modern technology and they have no legacy systems impeding the change. As a result, they are able to effectively make use of the lessons learned in developed countries.

At the same time, emerging countries are also under pressure to improve transparency and efficiency from international agencies like the World Bank, the Asian Development Bank, United States Agency for International Development, etc. Imex will look to develop relationships with these agencies to assist in expanding the market opportunity in emerging countries.

Imex has massive projects in the pipeline in the Middle East, Africa (iGov – approximately \$30 million over three years) and Asia (specifically India and Pakistan).

Imex will continue to target emerging countries in Africa and the Middle East where it has been successful in generating organic business opportunities. Imex will also look to establish business relationships with emerging countries in other parts of the world such as the Caribbean and Latin/South America. A final priority for Imex will be to look to English-speaking countries outside of North America such as Australia, New Zealand and the United Kingdom.

Competitive Conditions

There are a number of companies worldwide which provide specialized vertical public sector solutions like permits, licenses, payments etc. NIC in the US is a strong competitor in the area of transaction based services. However, Imex is a niche-smart government technology provider with an integrated platform that is unique and provides everything a government requires to deliver services effectively.

ANALYSIS OF OPERATIONS

Analysis of Revenues

Revenues for the nine months ended September 30, 2015 were \$6,629,284 compared to \$5,340,196 in the comparative period, an increase of \$1,289,088 or 24%. The increase was primarily due to increased revenues from a contract with the government of Botswana. As well there were increased local municipal and provincial government revenues. Revenues from the Botswana contract constituted 68% of total revenues for the period.

Revenues for the three months ended September 30, 2015 were \$5,248,444 compared to \$2,723,754 in the comparative period, an increase of \$2,524,690 or 93%. The increase was due to increased revenues from a contract with the government of Botswana. Revenues from the Botswana contract constituted 86% of total revenues for the period.

Given the trend over the past three years, with traditional local ministry and government agency revenues falling and a higher demand for the iGov solution platform, Imex Systems has shifted its focus towards international government agency contracts. Following the success of the iGov platform installation in Botswana, management expects to continue to earn annual maintenance fees from the Botswana contract in 2015, and also anticipates obtaining a similar hosting facility contract. Recognizing the market opportunity in emerging countries, Imex Systems is also looking to secure a contract with the Jamaican government similar in nature to the one that was secured with Botswana. Further, Imex Systems is also looking to provide artificial intelligence and robotic government solutions in Dubai over the course of three years. Within the North American market, Imex Systems' strategy will focus on acquiring firms with existing municipal customer bases in managed processing and transaction based services.

Analysis of Operating Expenses

Cost of Sales

Consulting contractor costs were \$2,475,587 for the nine months ended September 30, 2015 compared to \$1,530,879 for the nine months ended September 30, 2014, an increase of \$944,708 or 62%. Consulting contractor costs were \$802,150 for the three months ended September 30, 2015 compared to \$584,264 for the three months ended September 30, 2014, an increase of \$217,886 or 37%. The increase is mainly the result of the increased consulting contractors needed to service the local provincial and municipal government contracts.

License fees were \$52,665 for the nine months ended September 30, 2015 compared to \$389,437 for the nine months ended September 30, 2014, a decrease of \$336,772 or 86%. License fees were \$50,000 for the three months ended September 30, 2015 compared to \$389,437 for the three months ended September 30, 2014, a decrease of \$339,437 or 87%. The decrease was due to decreased license fees related to the Botswana contract.

Remuneration

Salaries and wages were \$1,238,710 for the nine months ended September 30, 2015 compared to \$794,818 for the nine months ended September 30, 2014, an increase of \$443,892 or 56%. Salaries and wages were \$480,934 for the three months ended September 30, 2015 compared to \$317,600 for the three months ended September 30, 2014, an increase of \$163,334 or 51%. The increase in the three and nine month amounts is a direct result of shifting some outsourced consulting services to full-time in-house staff. The increase in full-time in-house staff was due to the Botswana contract, which required more full-time workers due to the longer-term and more consistent nature of the contract.

Selling

Travel costs were \$154,650 for the nine months ended September 30, 2015, compared to \$115,479 for the nine months ended September 30, 2014, representing an increase of \$39,171 or 34%. Travel costs were \$104,269 for the three months ended September 30, 2015, compared to \$31,464 for the three months ended September 30, 2014, representing an increase of \$72,805 or 231%. The increase in the three and nine month amounts is due to the increased travel and accommodation costs incurred to service the Botswana contract as well as increased travel with the shift in focus to international markets.

Marketing costs were \$117,841 for the nine months ended September 30, 2015, compared to \$56,422 for the nine months ended September 30, 2014, representing an increase of \$61,419 or 109%. Marketing costs were \$53,179 for the three months ended September 30, 2015, compared to \$17,123 for the three months ended September 30, 2014, representing an increase of \$36,056 or 211%. During the three and nine months, Imex attended a significantly higher number of exhibitions and trade shows to secure more contracts similar in nature to the Botswana contract. As well, a marketing consultant was used during the three and nine months ended September 30, 2015. This was partially offset by one time advertising costs incurred in the prior three and nine months period. These costs are expected to rise as Imex Systems continues its various initiatives to penetrate emerging markets through such exhibitions and tradeshow.

General and administrative

Professional fees were \$439,008 for the nine months ended September 30, 2015 compared to \$96,409 for nine months ended September 30, 2014, representing an increase of \$342,599 or 355%. Professional fees were \$246,449 for three months ended September 30, 2015 compared to \$35,582 for three months ended September 30, 2014, representing an increase of \$210,867 or 593%. The increase in professional fees stemmed from additional legal and other professional fee costs related to the Company's proposed transaction to go public and costs related 700,000 of subscription receipts issued (650,000 subsequently cancelled).

Other items

Withholding taxes were \$408,329 for the nine months ended September 30, 2015 compared to \$621,667 for nine months ended September 30, 2014, representing a decrease of \$213,338 or 34%. Withholding taxes were \$408,329 for the three months ended September 30, 2015 compared to \$277,113 for three months ended September 30, 2014, representing an increase of \$131,216 or 47%. These withholding taxes were paid to the government of Botswana at 15% of the total contract value.

Gain on foreign exchange was \$91,725 and \$628,479 for three and nine months ended September 30, 2015. This gain was primarily due to the fact that revenues from Botswana were paid in USD. Given the strength of the USD as compared to the Canadian dollar, there was a significant foreign exchange gain experienced in the year. As Imex Systems continues to venture internationally, its exposure to foreign exchange risk will also increase.

Accretion was \$84,668 and \$113,228 for three and nine months ended September 30, 2015. This was the result of convertible debentures issued during the current period.

EBITDA and Net and Comprehensive Earnings

Imex Systems Inc. utilizes earnings before interest, taxes, depreciation and amortization ("EBITDA") to measure operating performance. Imex Systems' definition of EBITDA excludes the aforementioned items, as well as withholding taxes paid to the Botswana government, which in Imex System's view do not reflect its core operating results. EBITDA has further been adjusted for the effect of foreign exchange gains and losses.

EBITDA is not a measure of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss prepared in accordance with IFRS or as a measure of operating

performance or profitability. EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

The following table reconciles net and comprehensive earnings to EBITDA.

Detail	Three Months Ended September 30, 2015 (\$)	Three Months Ended September 30, 2014 (\$)	Nine Months Ended September 30, 2015 (\$)	Nine Months Ended September 30, 2014 (\$)
Net income	2,920,718	946,512	1,685,445	1,162,119
Adjustments:				
Interest	15,307	8,410	24,603	15,534
Taxes	11,605	-	11,605	-
Depreciation	17,729	14,248	53,187	42,743
Withholding taxes	408,329	277,113	408,329	621,667
Foreign exchange gain/loss	(91,725)	(34,766)	(628,479)	78,539
EBITDA	3,281,963	1,211,517	1,554,690	1,920,602

LIQUIDITY RISK AND CAPITAL RESOURCES

Liquidity

Cash and cash equivalents as of September 30, 2015 was \$874,175 versus an overdraft of \$126,025 at December 31, 2014. Management prepares budgets and cash flow forecasts to assist in managing its liquidity risk.

Imex's recent history shows a strong operating income trend. This trend began in 2012 when the company began revamping its traditional iCity service into iGov, continued into 2013 and kicked off in 2014 with the implementation of the iGov solution on an international scale. As the company continues to explore more international opportunities, and begins venturing into artificial and intelligent robotic solutions for governments, it is expected that this strong upward trend in operating income will continue. Imex also has access to committed credit facilities and other sources of funding to assist with the cash flow needs of the company.

Operations

Cash flows used in operating activities for the nine months ended September 30, 2015 were \$656,384. By comparison, \$78,594 were used for the nine months ended September 30, 2014.

The increase in the net cash outflow from operating activities from 2014 to 2015 was primarily due to an increase in net and comprehensive income, less non-cash items, partially offset by changes in non-cash working capital items. Major changes in non-cash working capital items included:

- An increase in the non-cash recording of the accounts receivable balance of \$2,328,945 for the nine months ended September 30, 2015 compared to \$1,610,067 for the nine months ended September 30, 2014;
- An increase in the non-cash recording of accounts payable of \$503,942 for the nine months ended September 30, 2015 compared to (\$23,158) for the nine months ended September 30, 2014;
- A decrease in the non-cash recording of dividends payable of \$336,000 for the nine months ended September 30, 2015 compared to (\$174,000) for the nine months ended September 30, 2014
- A decrease in the non-cash recording of HST payable of \$391,065 for the nine months ended September 30, 2015 compared to (\$14,040) for the nine months ended September 30, 2014

Financing

Cash flows provided by financing activities for the nine months ended September 30, 2015 were \$2,643,715. By comparison, \$385,405 were generated from financing activities for the nine months ended September 30, 2014. Cash flows generated in 2015 were due to subscription receipt proceeds of \$700,000, proceeds from convertible debentures, net of issue costs, of \$1,901,822 and units issued, net of issue costs, of \$200,672. This was partially offset by repayments of loans of \$152,779. Cash flows generated in 2014 were due to loans of \$403,405 being acquired in the period to finance the company's operations.

Investing

Cash flows used in investing activities for the nine months ended September 30, 2015 were \$1,113,156. By comparison, \$147,930 were used in investing activities for the nine months ended September 30, 2014. The increase in cash flows used in investing activities in 2015 was primarily due to an increase in funds held in trust of \$750,000 and Class A Preference shares retracted of \$300,000.

CAPITAL STOCK

As at the date of this MD&A, Imex System had the following capital stock outstanding:

10,240,000 common shares

In addition the Company had 120,000 warrants (exercisable for common shares at \$1.50 per share for a period of 18 months from the completion of a Going Public Event), 122,150 finders options (exercisable for a Unit at \$1.00 per Unit for a period of 18 months from the completion of a Going Public Event), 2,055,000 convertible debentures (automatically converted into Units prior to a Going Public Event) and 50,000 Subscription Receipts (automatically converted into Units prior to a Going Public Event).

CONTRACTUAL OBLIGATIONS

The contractual obligations held by Imex include long-term debt obligations and the office lease agreement, as described below.

Detail	Not later than one year (\$)	Later than one year and not later than five years (\$)	Later than five years (\$)	Total (\$)
BDC Loan	36,900	54,485	-	91,385
Office Lease	33,000	294,000	252,000	579,000
Total	69,900	348,485	252,000	670,385

During the fiscal year ended December 31, 2014, Imex obtained a loan from BDC, payable in monthly instalments and due at the conclusion of November 2017.

In the fiscal year ended December 31, 2013, Imex entered into a lease agreement committing to a new office space in Toronto for 10 years.

FINANCIAL INSTRUMENTS

The company is exposed to various risks related to its financial assets and liabilities. The following analysis provides a measure of the company's risk exposure and concentrations at September 30, 2015. The financial instruments of the Company and the nature of the risks to which it may be subject to are as follows:

Fair value

The Company's financial instruments include cash, funds held in trust, accounts receivable, loan receivable from employee, bank indebtedness, accounts payable and accrued liabilities, salaries payable, dividends payable, subscription receipts, convertible debentures and long-term debt. The carrying value of these instruments approximate their fair value due to their short term maturities.

Liquidity risk

Liquidity risk arises from the company's management of working capital, finance charges and principal repayments on its debt instruments. It is the risk that the company will not be able to meet its financial obligations as they fall due.

The company has a comprehensive plan in place to meet its obligations as they come due. As at September 30, 2015, the company had current assets of \$8,004,015 (December 31, 2014 - \$4,044,913) and current liabilities of \$4,169,376 (December 31, 2014 - \$2,222,113). Current working capital of the company as at September 30, 2015 is \$3,834,639 (December 31, 2014 - \$1,822,800).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relates to its accounts receivable. The accounts receivable are due from various government bodies; therefore, the company does not anticipate any significant loss for non-collection.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to currency risk in United States dollars. Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company does not utilize financial instruments to manage its currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments that subject it to a cash flow risk. The company does not enter into any transactions to mitigate this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to other price risk.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity comprising capital stock, contributed surplus, warrants, equity portion of convertible debentures and retained earnings (deficit) which at September 30, 2015 totaled \$4,029,380 (December 31, 2014 - \$1,998,107).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities. Selected information is provided to the Board of Directors of the Company.

ISSUED STANDARDS NOT YET ADOPTED

IFRS 9 - Financial Instruments

On July 24, 2014, the IASB completed the final elements of the proposed new IFRS 9, Financial Instruments standard to be effective January 1, 2018 with early adoption permitted. This final version supersedes all previous versions (IFRS 9 (2014)). The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company is assessing the possible impact of the proposed standard on the financial statements and the company is considering whether early adoption is warranted.

IFRS 15 – Revenues from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. The new standard sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. This new standard is effective for the company's financial statements commencing January 1, 2017.

The company intends to adopt the standard on its effective date and is assessing the impact on its financial statements.

PROPOSED TRANSACTION

Imex entered into a securities exchange agreement (the "Securities Exchange Agreement") dated February 18, 2016 with all of the securityholders of Imex and Ba Ba Capital Inc. (the "Corporation"), pursuant to which all of the securityholders of Imex agreed to exchange all of their securities of Imex for securities of the Corporation on a post-Consolidation basis (the "Transaction") as follows:

- all common shares of Imex will be exchanged on a one-for-one basis for common shares of the Corporation (the "Common Shares");
- all warrants of Imex will be exchanged for warrants of the Corporation on a one-for-one basis (the "Warrants");
- each Imex subscription receipt will be exchanged for one Common Share and one-half of one Warrant;
- all accrued interest under the Imex convertible debentures (the "Convertible Debentures") as of the Closing Date shall be paid and satisfied by the issuance of Common Shares at the rate of \$1.00 per Common Share;
- for each \$1 of principal sum, a holder of Convertible Debentures will receive one Common Share and one-half of one Warrant, and the Convertible Debentures will be cancelled; and
- each finder option of Imex will be exchanged for one Finder Option.

Immediately prior to completion of the Transaction, the Corporation will file articles of amendment effecting: (i) a consolidation of all of the issued and outstanding Common Shares of the Corporation on a 1 for 11 basis; and (ii) a change of the name of the Corporation to Imex Systems Inc.

Upon completion of the Transaction, Imex will become a wholly-owned subsidiary of the Corporation.

RISKS AND UNCERTAINTIES

There are many factors that will affect Imex's ability to sustain and increase both revenue and profitability, and impact the nature and amount of its expenditures. These include:

Competition

Imex operates in highly competitive environments that include its customers' internal capabilities. Management believes that the principal competitive factors in its markets include technological strength, speed and flexibility in responding to design or schedule changes, price, quality, delivery, cost management and financial strength. The Corporation's earnings could decline if its competitors or customers can provide comparable speed and quality at a

lower cost, or if the Corporation fails to adequately invest in the range and quality of services and products its customers require.

Some of the Corporation's competitors, as compared to the Corporation, are larger and have greater financial and organizational resources, geographic breadth and range of services, customer bases and brand recognition than we do. As a result, the Corporation's competitors may respond more quickly to technological changes or customer needs, consume lower fixed and variable unit costs, and obtain better terms for financing growth. If the Corporation fails to compete in any of these areas, it may lose market share and its business could be seriously harmed. There can be no assurance that the Corporation will not experience increased competition or that the Corporation will be able to maintain its profitability if its competitive environment changes.

Dependence on Key Customers

Imex's revenues are currently generated primarily from a few key customers. In 2016 and beyond, the Corporation will need to attract new clients and attempt to diversify its customer base from a limited number of potential customers and with longer lead times often being required for new programs. Imex's customers are generally governments which can result in unpredictable funding levels and government procurement and certification processes.

There can be no assurance that any of Imex's customers will not default on, delay or dispute payment of, or seek to reject its outstanding invoices.

Capital Requirements

The Corporation has limited financial resources and may require additional equity or debt financing in order to carry out its business objectives, including the continued development of new and upgraded functionality of the Corporation's products and services. There can be no assurance that debt or equity financing or cash generated by operations would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it would be on terms acceptable to the Corporation. Failure to obtain sufficient financing may result in the delay or indefinite postponement of development or production on any or all of the Corporation's products and services which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Protection of Intellectual Property

The Corporation's commercial success depends upon its ability to develop new or improved technologies and products, and to successfully obtain or acquire patent or other proprietary or statutory protection for these technologies and products in Canada, the United States and other countries.

The Corporation relies on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. While the Corporation enters into confidentiality and non-disclosure agreements with its employees, consultants, customers, potential customers and others to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of its confidentiality and non-disclosure agreements will not be honored;
- third parties will independently develop equivalent technology or misappropriate the Corporation's technology or designs;
- disputes will arise with the Corporation's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of the Corporation's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

There can be no assurance that the Corporation will be successful in protecting its intellectual property rights. Inability to protect its intellectual property rights could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Infringement on Intellectual Property

The Corporation's commercial success depends upon the Corporation avoiding infringing intellectual property rights owned by others. The industry in which the Corporation competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Corporation in its products. Some of these patents may grant very broad protection to the third party owners of the patents. Patents can be issued very rapidly and there is often a great deal of secrecy surrounding pending patents. The Corporation cannot determine with certainty whether any existing third-party patents or the issuance of any new third-party patents would require the Corporation to alter its technologies, pay for licenses or cease certain activities. Third parties may assert intellectual property infringement claims against the Corporation and against its customers and suppliers. The Corporation may be subject to these types of claims either directly or indirectly through indemnities against these claims that it provides to certain customers, partners and suppliers. There can be no assurance that the Corporation's attempts to negotiate favourable intellectual property indemnities with its suppliers for infringement of third-party intellectual property rights will be successful or that a supplier's indemnity will cover all damages and losses suffered by the Corporation and its customers, partners and other suppliers due to infringing products, or that the Corporation can secure a license, modification or replacement of a supplier's products with non-infringing products that may otherwise mitigate such damages and losses.

Some of the Corporation's competitors have, or are affiliated with companies that have, substantially greater resources than the Corporation, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation to a greater degree and for longer periods of time than the Corporation. Regardless of whether third-party claims of infringement against the Corporation have any merit, these claims could:

- adversely affect the Corporation's relationships with its customers;
- be time-consuming to evaluate and defend;
- result in costly litigation;
- result in negative publicity for the Corporation;
- divert management's attention and resources;
- cause product and software delivery delays or stoppages;
- subject the Corporation to significant liabilities;
- require the Corporation to enter into costly royalty or licensing agreements;
- require the Corporation to develop possible workaround solutions that may be costly and disruptive to implement; or
- require the Corporation to cease certain activities or to cease distributing its products and delivering its services in certain markets.

In addition to being liable for potentially substantial damages relating to a patent or other intellectual property infringement action against the Corporation or, in certain circumstances, the Corporation's customers with respect to its products and services, the Corporation may be prohibited from developing or commercializing certain technologies or products unless the Corporation obtains a license from the holder of the patent or other intellectual property rights. There can be no assurance that the Corporation will be able to obtain any such license on commercially reasonable terms, or at all. If the Corporation does not obtain such a license, its prospects, business, operating results and financial condition could be materially adversely affected and the Corporation could be required to cease related business operations in some markets and restructure its business to focus on

continuing operations in other markets. In addition, the Corporation includes and promotes certain third-party applications and content with its products. The Corporation's support and promotion of third-party applications and content increases the risk of intellectual property litigation if such applications and content infringe on the patents or other intellectual property rights of others.

Dependence on Key Personnel and Employees

The success of the Corporation is dependent on the services and performance of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. The Corporation strongly depends on the business and technical expertise of its management and key personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that the Corporation will be able to engage the services of such personnel or retain its current personnel.

Rapid Technology Developments

The industries targeted by Imex's business are characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users, the Corporation will need to continue developing new and upgraded functionality of its products and services and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Corporation is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, the Corporation may lose clients and/or fail to secure new clients.

The Corporation has developed and is continuing to develop a number of products and services incorporating advanced technologies and it will pursue those products and services that it expects to have the best chance for success based on the Corporation's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Corporation will be able to develop new products, services and technologies to keep up-to-date with developments and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Defects in Products and Services

The Corporation's products and services are highly complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Defects, errors or bugs found in the Corporation's new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, the Corporation may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in the Corporation's products or services could result in loss of or delay in end user acceptance of its products or services and may harm the Corporation's reputation. Correcting such errors and failures in its products or services could require significant expenditures by the Corporation, involving cost or time and effort of personnel.

The consequences of such errors, failures and claims could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

User Data/Cybersecurity

The Corporation may require the registration of its users prior to accessing its products or services or certain features of its products or services and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user data that is collected. The Corporation's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the Corporation's data or its user's data. If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Corporation's terms of service or policies, could damage the Corporation's reputation and the Corporation's brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against the Corporation in connection with such incidents, which could cause the Corporation to incur significant expense and liability or result in orders or consent decrees forcing the Corporation to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The costs related to cyber security or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect the Corporation's internal operations, the services it provides to customers, loss of competitive advantages derived from its research and development efforts, early obsolescence of its products and services, its future financial results, its reputation or its share price.

The Corporation transmits and stores a large volume of data. The interpretation of privacy and data protection laws and their application to the Internet is unclear and subject to rapid change in numerous jurisdictions. There is a risk that these laws may be interpreted and applied in a manner that is not consistent with the Corporation's data protection practices and results in additional compliance or changes in the Corporation's business practices, or both, and liability or sanction under these laws. In addition, certain foreign jurisdictions may claim that the Corporation is required to comply with local laws, even where the Corporation has no local operating entity, employees, infrastructure or other physical presence in those jurisdictions.

Reliance on Collaborative Partners

The Corporation expects to rely on collaborative arrangements to provide services and to develop and commercialize some of its products or services in the future. There can be no assurance that the Corporation will be able to negotiate acceptable collaborative arrangements, that such collaborative arrangements will be successful or that the Corporation would not be required to relinquish certain material rights to its products or services. In addition, there can be no assurance that the Corporation's collaborative partners will not pursue alternative technologies or develop alternative products or services either on their own or in collaboration with others, including the Corporation's competitors. To the extent that the Corporation succeeds in entering into collaborative arrangements, it will be dependent on the efforts of third parties for the continued development of certain services or products.

Additionally, the Corporation employs agents and subcontractors as part of the delivery of the Corporation's services to its customers and as part of the development and commercialization of the Corporation's products. The ultimate liability for the performance of the agents or subcontractors lies with the Corporation. Further, the Corporation's business model is based on the distribution of its products and services by third parties. If these third parties are not successful in distributing the Corporation's products and services it could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

New Business Areas and Geographic Markets

The Corporation's growth strategy is dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated clients and revenue. In addition, any expansion into new business areas or geographic markets could expose the Corporation to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third party intellectual property rights; the cost of localising software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner. These factors could cause the Corporation's expansion into new business areas or geographic markets to be unsuccessful or less profitable than its existing markets, or could cause the Corporation's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation expects that a substantial portion of its future revenue will be derived from its business operations outside of Canada. Execution of this business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. If the Corporation does proceed to operate in different international regions, revenues earned from customers may decrease in the future for a variety of reasons, including increased competition and new entrants into geographic markets in which the Corporation operates or intends to operate. Depending on the countries involved, any or all of the foregoing factors could have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in countries within which the Corporation intends to operate will not change. Any such change could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Operational and Financial Infrastructure

The Corporation is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. This expansion may require the Corporation to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Information Technology Defects

The integrity, reliability and operational performance of the Corporation's content aggregation, parsing and distribution and other operational information technology ("IT") systems are critical to the Corporation's ability to serve its clients. The Corporation's IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of these IT systems or the telecommunications and/or other third party infrastructure on which such systems rely, as described in "Reliance on Third Party Owned Communication Networks", could lead to significant costs and disruptions that could reduce the Corporation's revenue, harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

The Corporation has procedures and measures in place to protect against network or IT system failure or disruption. However, those procedures and measures may not be effective to ensure that the Corporation is able to carry on its business in the ordinary course if they fail or are disrupted. In addition, the Corporation's IT systems may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage,

hackers, denial of service attacks, viruses or cybercrime. Any failure in these protections could harm the Corporation's business reputation and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Reliance on Third-Party Owned Communication Networks

The delivery of the Corporation's products and services and a significant portion of the Corporation's revenues are dependent on the continued use and expansion of third-party owned communication networks, including wireless networks and the Internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for the Corporation.

Effective delivery of the Corporation's products and services through the Internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access the Corporation's content. Changes in access fees to distributors, such as the Corporation or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, as described in "Governmental Regulation of the Internet" could result in increased costs to the Corporation. All of these factors are out of the Corporation's control and the manifestation of any of them could ultimately have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of the Corporation's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, loss of revenue because of the inability of users or subscribers to use the Corporation's services, or the cancellation by users or subscribers of their service with the Corporation, any of which could have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Uncertain Economic Health of the Wider Economy

The Corporation's revenue streams are dependent on the overall macro-economic environment. Current and future conditions in the domestic and global economies remain uncertain. Accordingly, adverse developments in the macro-economic environment could substantially reduce the funds spent on the products and services offered by Imex and have a material adverse effect on the Corporation's prospects, business, financial condition or results of operations.

Governmental Regulation of the Internet

Governments and regulatory authorities in some jurisdictions in which the Corporation's content originates or its users reside, including Canada, impose rules and regulations affecting the third party owned communications networks over which the Corporation's services are accessed, including Internet and mobile connectivity ("network services") and affecting the audiovisual content distributed to the public as part of the Corporation's services ("audiovisual media"). In certain circumstances this frequently controversial governmental regulation of the Internet protects the Corporation's activities from certain tactics by competitors or potential competitors. Should efforts to overturn this governmental regulation prove successful, network services providers could impose restrictions that adversely impact the Corporation's ability to deliver content on an equal footing with other audiovisual media providers.

Currency Fluctuations

The Corporation's reporting currency is Canadian dollars but an increasing proportion of the Corporation's revenue may be earned and expenses may be incurred in other currencies, including the US dollar. See "New Business Areas and Geographic Markets". The movement of any of these currencies against the Canadian dollar could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Changes in Taxation

Changes in taxation rates or law, or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges, financial loss, including penalties and reputational damage, and which could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Exposure to Taxable Presences

The policy of the Corporation will be to manage and operate its business in a way that is intended to ensure that it is resident for tax purposes solely in the jurisdiction in which it is incorporated or domiciled and that it has no taxable permanent establishments or other taxable presence in any other jurisdiction. However, if the Corporation is found to be tax resident elsewhere or to have a taxable permanent establishment or other taxable presence elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the overall amount of tax payable by the Corporation.

Risk of Litigation

The Corporation may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If the Corporation is unable to resolve these disputes favourably, it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers. The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. Although the Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivables and historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area, there is no assurance that the allowance for doubtful accounts will be sufficient to cover credit losses in the future and future credit losses could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. There is no assurance that the Corporation's approach to managing liquidity will prove successful and should the Corporation be unable to meet its liabilities when due it could have a material adverse effect on the Corporation's prospects, business, financial condition and results of operations.

APPENDIX "D"

AUDIT COMMITTEE CHARTER

BA BA CAPITAL INC. (the "Company")

1 Overall Purpose / Objectives

The committee will assist the Board of Directors of the Company (the "Board") in fulfilling its responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

2 Authority

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

3 Organization

3.1 Membership

- a. The committee will be comprised of at least three directors of the Company, a majority of whom are not officers or employees of the Company or any of its affiliates.
- b. The chairman of the audit committee will be nominated by the committee from time to time.
- c. A quorum for any meeting will be two members.
- d. The secretary of the committee will be the company secretary, or such person as nominated by the Chairman.

3.2 Attendance at Meetings

- a. The committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- b. The external auditors should be present at each quarterly audit committee meeting and be expected to comment on the financial statements in accordance with best practices.

- c. Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- d. The proceedings of all meetings will be minuted.

4 Roles and Responsibilities

The committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 4.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.6 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- 4.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.9 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 4.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:

- a. actual financial results for the interim period varied significantly from budgeted or projected results;
 - b. generally accepted accounting principles have been consistently applied;
 - c. there are any actual or proposed changes in accounting or financial reporting practices;
 - d. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 4.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 4.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.
- 4.16 Make recommendations to the Board regarding the reappointment of the external auditors.
- 4.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 4.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.19 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.21 Perform other functions as requested by the full Board.
- 4.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.23 Review and update the charter; receive approval of changes from the Board.