FAMILY MEMORIALS INC.

Unaudited Condensed Interim Consolidated Financial Statements

For the six month period ended
June 30, 2015

Contents

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N.I. 51-102 Notice

The condensed interim consolidated financial statements for the six month interim period ended June 30, 2015 have been prepared by management and approved by the Board of Directors of the Corporation. These have not been audited or reviewed by the Corporation's external auditors and are included as comparative prior year numbers for the quarter.

August 28, 2015

FAMILY MEMORIALS INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position
June 30, 2015

As at		June 30, 2015 (unaudited)	December 31, 2014 (audited)
ASSETS			
CURRENT			
Cash and cash equivalents	$	**164,579**	**161,716**
Cash not available for use (Note 5)		**24,436**	**14,434**
Trade and other receivables		**618,037**	**512,345**
Inventory		**2,705,509**	**2,340,549**
Income taxes receivable		**15,725**	**15,725**
Prepaid expenses		**723,347**	**344,698**
		4,251,633	**3,389,467**
NON CURRENT			
Trust fund assets		**414,969**	**414,716**
Property, plant and equipment		**1,509,476**	**1,550,504**
Intangibles (Note 6)		**2,167,888**	**2,237,013**
Goodwill (Note 7)		**1,961,157**	**1,961,157**
	$	**10,304,850**	**9,552,857**

LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT			
Trade and other payables	$	**2,799,969**	**1,782,516**
Customer deposits		**3,607,990**	**2,308,121**
Deferred revenue		**131,514**	**127,344**
Current portion of obligations under finance lease		**31,994**	**42,702**
Current portion of debentures (Note 8)		**6,798,127**	**1,998,510**
Debenture interest payable		**86,217**	**100,013**
		13,455,811	**6,359,206**
NON CURRENT			
Obligations under finance lease		**37,640**	**49,907**
Debentures (Note 8)		**-**	**5,012,503**
Liability for pre-need and perpetual care		**407,455**	**407,475**
		13,900,906	**11,829,091**
SHAREHOLDERS' DEFICIENCY			
Share capital (Note 9)		**4,758,159**	**4,643,159**
Equity component – convertible debenture		**317,523**	**317,523**
Contributed surplus		**938,556**	**938,556**
Deficit		**(9,610,294)**	**(8,175,472)**
		(3,596,056)	**(2,276,234)**
	$	**10,304,850**	**9,552,857**

Going concern (Note 2)

The accompanying notes are an integral part of the interim condensed consolidated financial statements

Approved on behalf of the Board

(Signed) "Scott Kellaway" Director

(Signed) "Robert Kellaway" Director

FAMILY MEMORIALS INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency
June 30, 2015

	Share Capital Number of Shares	Share Capital Amount $	Debenture $	Contributed Surplus $	Deficit $	Total Equity $
Balance at Dec. 31, 2014	39,723,603	4,643,159	317,523	938,556	(8,175,472)	(2,276,234)
Total comprehensive loss	-	-	-	-	(1,434,822)	(1,434,822)
Debenture conversion	605,262	115,000	-	-	-	115,000
Balance at June 30, 2015	40,328,865	4,758,159	317,523	938,556	(9,610,294)	(9,610,294)
Balance at Dec. 31, 2013	39,723,603	4,643,159	317,523	938,556	(6,842,602)	(943,364)
Comprehensive loss	-	-	-	-	(1,279,687)	(1,279,684)
Balance at June 30, 2014	39,723,603	4,643,159	317,523	938,556	(9,208,042)	(3,308,804)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

FAMILY MEMORIALS INC.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
June 30, 2015

		Three months ended June 30			Six months ended June 30	
		2015	2014		**2015**	2014
Sales	$	**4,184,258**	4,282,640	$	**4,329,171**	4,426,802
Cost of Sales		**2,159,787**	2,026,945		**2,246,845**	2,150,159
Gross Profit	$	**2,024,471**	2,255,695	$	**2,082,326**	2,276,643
Expenses						
Administration		**193,005**	196,481		**356,185**	383,794
Advertising and promotion		**64,205**	55,752		**112,577**	114,867
Depreciation property, plant and equipment		**45,575**	65,886		**90,885**	130,538
Amortization of intangible assets		**54,633**	15,504		**109,168**	32,056
Employee costs		**678,833**	700,171		**1,329,164**	1,283,525
Financing costs		**373,805**	432,601		**759,319**	892,745
Occupancy costs		**256,435**	297,987		**512,928**	557,197
Professional fees		**55,747**	45,303		**74,570**	74,636
Imonument equipment costs		**1,485**	3,243		**1,485**	4,443
Unallocated production costs		**-**	-		**190,000**	88,000
	$	**1,723,723**	1,812,928	$	**3,536,281**	3,561,801
Net income (loss) from operations		**300,748**	442,767		**(1,453,955)**	(1,285,158)
Interest income		**45**	1,460		**133**	11,203
Unrealized loss on FMV Trust		**-**	-		**-**	(5,729)
Gain on sale of fixed asset		**19,000**	-		**19,000**	-
Gain (Loss) for the year before income taxes		**300,793**	444,227		**(1,434,822)**	(1,279,684)
Deferred income tax recovery		-	-		-	-
Income taxes		-	-		-	-
Total comprehensive income (loss)	$	**319,793**	444,227	$	**(1,434,822)**	(1,279,684)
Loss per share						
Earnings (loss) per share	$	**0.0080**	0.0111	$	**(0.036)**	(0.0322)
Weighted average number of shares outstanding		**39,864,831**	39,723,603		**39,776,176**	39,723,603

*Diluted per share figures are not presented as the effect on loss per share would be anti-dilutive.

The accompanying notes are an integral part of the interim condensed consolidated financial statements

FAMILY MEMORIALS INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
June 30, 2015

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Cash flows used in operating activities				
Net income (loss) for the period	**$ 319,793**	$ 444,226	**$ (1,434,822)**	$ (1,279,684)
Items not requiring an outlay of cash				
Accretion on debentures	**99,670**	179,128	**201,058**	388,459
Depreciation of property, plant and equipment	**45,575**	65,886	**90,885**	130,538
Amortization of intangible assets	**54,633**	15,504	**109,168**	32,056
Net interest expense	**274,135**	274,476	**558,261**	505,286
	$ 793,806	$ 959,217	**(475,450)**	(223,345)
Changes in non-cash working capital				
Decrease (increase) in accounts receivable	**$ (366,247)**	(33,571)	**(105,692)**	263,909
Decrease (increase) in inventory	**(288,959)**	1,039	**(364,960)**	(149,454)
Increase (decrease)in income taxes receivable	**-**	59,531	**-**	59,531
Decrease (increase) in prepaid expenses	**(50,458)**	14,879	**(378,649)**	(96,588)
Increase (decrease) in accounts payable	**830,689**	74,005	**1,017,453**	(168,736)
Increase (decrease) in customer deposits	**(241,070)**	(260,369)	**1,299,869**	914,666
Deferred revenue	**4,170**	6,366	**4,170**	12,565
	$ (111,875)	$ (138,120)	**1,472,191**	835,893
Cash provided by operating activities	**$ 681,931**	$ 821,097	**$ 996,741**	$ 612,548
Cash flow from financing activities				
Repayment of debenture debt	**$ (454,089)**	$ -	**$ (454,089)**	$ -
Repayment of capital lease obligations	**(9,863)**	(16,372)	**(22,975)**	(36,083)
Cash not available for use	**(10,000)**	-	**(10,002)**	-
Interest paid on debentures	**(340,444)**	(387,206)	**(416,911)**	(465,734)
Cash provided by (used in) financing activities	**$ (814,396)**	(403,578)	**(903,977)**	(501,817)
Cash flow from investing activities				
Purchase of equipment	**$ (49,857)**	(4,814)	**(49,857)**	(30,325)
Purchase of intangible assets	**(19,090)**	(16,236)	**(40,044)**	(31,168)
Cash provided by (used in) financing activities	**$ (68,947)**	(21,050)	**(89,901)**	(61,493)
Increase/(decrease) in cash	**(201,412)**	396,469	**2,863**	49,238
Cash and cash equivalents, beginning of period	**365,991**	289,331	**161,716**	636,562
Cash and cash equivalents, end of period	**$ 164,579**	$ 685,800	**$ 164,579**	$ 685,800

The accompanying notes are an integral part of the interim condensed consolidated financial statements

1. NATURE OF BUSINESS

Family Memorials Inc. (the "Corporation") is a Canadian public company (TSXV: FAM) operating as one operating segment as a consolidator of monument and memorial retailers in the death care industry. The Corporation continues to pursue a growth strategy through acquisitions, market consolidation and the development of new sales software. The head office, which is also the registered office of the Corporation, is located at 1126 Roland Street, Thunder Bay, Ontario, Canada P7B 5M4.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS34), using accounting principles consistent with IFRS as approved by the International Accounting Standards Board ("IASB"). The condensed interim financial statements should be read in conjunction with the company's 2014 annual financial statements.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in Note 4. These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 28, 2015.

Going Concern

These condensed interim consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes that the Corporation will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. These adjustments may be material to the consolidated financial statements.

The ability of the Corporation to continue operations is dependent upon its ability to successfully integrate and realize on operational efficiencies with its new subsidiary acquisition, Remco Memorials Ltd., raise new financing, successfully roll out its new sales software and increasing its retail network which is targeted to achieve a critical mass that will sustain positive cash flow. The outcome of these matters cannot be predicted at this time. Since inception, the Corporation has incurred a cumulative deficit of $9,930,087 ($8,175,472 - December 31, 2014) and has a working capital deficit of $4,467,207 ($2,969,739 – December 31, 2014). Management believes that the Corporation will be able to continue to raise additional funds when needed, has successfully integrated and realized on operational efficiencies with Remco Memorials and will implement new growth strategies and therefore has prepared these consolidated financial statements on a going concern basis. Realization values may be substantially different from the carrying values as presented in the financial statements should the Corporation be unable to continue as a going concern. It is management's opinion that all adjustments considered necessary for fair presentation of the results for the periods presented have been reflected in these consolidated financial statements.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Financial instruments
Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss. Financial assets and liabilities classified as fair value through profit or loss are initially measured at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Financial assets and liabilities are measured subsequently depending upon their classification as discussed below.

(i) Financial assets

Cash and cash equivalents, cash not available for use, and trade and other accounts receivable are classified as loans and receivables.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less provisions for impairment. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Corporation will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administration expenses in the consolidated statements of operations and comprehensive loss. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated allowance.

Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statements of operations and comprehensive loss.

(ii) Financial liabilities and compound financial instruments

The Corporation's financial liabilities include trade and other payables, customer deposits, obligations under capital lease and debentures. These are classified as other financial liabilities and are measured at fair value on initial recognition, net of transactions costs and subsequently at amortized cost using the effective interest rate method.

Compound financial instruments issued by the Corporation include convertible debentures that can be converted into a fixed number of common shares, and debentures with rights offerings. The liability component of the compound financial instrument is recognized initially at fair value of a similar liability that does not have any equity conversion option or rights. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except upon conversion, exercise or expiry.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset when the net amount reported in the consolidated statement of financial position when the Corporation has a legally enforceable right to offset the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy or the Corporation or the counterparty.

(b) Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted in the year
The following standards, that are applicable to the Corporation, have been adopted for the first time for the financial year beginning on or after January 1, 2014 and have no material impact on the Corporation:

IAS 32, Financial Instruments: Presentation
These amendments, effective January 1, 2014, relate to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment clarifies that the right of offset must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

IAS 36, Impairment of Assets
The IASB has amended disclosures required in relation to the recoverable amount for non-financial assets effective January 1, 2014. The amendments removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13 'Fair Value Measurement'.

IFRIC 21, Levies
This is an interpretation of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', effective January 1, 2014. The interpretation addresses what the obligating event is that gives rise to pay a levy

and when a liability should be recognized. The Corporation is not currently subjected to significant levies.

New standards, amendments and interpretations not yet adopted
Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2015 or later years and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Corporation except for the following:

IFRS 9, Financial Instruments
IFRS 9, 'Financial Instruments' is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost and fair value through profit and loss or fair value through OCI. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The standard is effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of the new standard.

IFRS 15, Revenue from Contracts with Customers
IFRS 15 will replace all of the revenue guidance that previously existed in IFRS. It is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principle of revenue recognition has moved from a transfer of risks and rewards to the transfer of control of the goods or services to the customer. IFRS 15 focuses on the transfer of control. Risks and rewards may be an indicator of when control transfers, however it will no longer be the primary basis for revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Corporation is in the process of evaluating the impact of the new standard.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of earnings, revenues and expenses during the reporting year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experiences may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities and earnings are discussed below.

a) Business combinations

The Corporation applies the acquisition method of accounting to business combinations which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as an adjustment in the measurement period.

b) Property, plant and equipment and intangibles

Management reviews the useful lives of depreciable assets at each reporting date on the expected utility of the assets to the Corporation. Estimates are reviewed on at least an annual basis and actual results will vary.

c) Impairment of accounts receivables

The amount recognized as an impairment of trade and other receivables is based on management's assessment of the risks associated with each trade and other receivable with reference to losses incurred in prior periods, collection experience and the impact of the current and expected economic conditions.

d) Impairment of goodwill

The Corporation tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3. The Company uses judgment in determining the grouping of assets to identify its cash generating units ("CGU") for purposes of testing for impairment of goodwill and intangible assets with indefinite lives. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use and its fair value less cost to sell. Management estimates expected future cash flows for each cash generating unit based on expected future events and circumstances and discounts these cash flows to determine the value in use. Significant assumptions and estimates are involved in determining the expected future cash flows and the various risk components which comprise the discount rates. Actual results will vary from those estimated.

e) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of transacting business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on the Corporation's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Corporation has recognized the benefits of certain tax losses carried forward to the extent there is sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilized.

5. CASH NOT AVAILABLE FOR USE

Cash restricted for use consists of a $20,000 (2014 - $10,000) security required by the province of Alberta's Cemetery Act and $4,436 (2014 - $4,434) held in trust for customers who have pre-paid for services.

6. INTANGIBLES

Total intangibles are comprised of the following:

	Customer Relationships	Brand	Imonument Software	Total
Cost				
Balance, January 1, 2015	1,496,000	$ 593,821	$ 481,394	$ 2,571,215
Additions	-	-	71,519	-
IRAP grant received	-	-	(31,476)	-
Balance, June 30, 2015	$ 1,496,000	$ 593,821	$ 521,437	$ 2,611,258
Accumulated amortization				
Balance, January 1, 2015	$ 174,533	-	159,669	334,202
Amortization, 2015	74,802	-	34,366	109,168
Balance, June 30, 2015	**$** 249,335	$ -	$ 194,035	$ 443,370
Net Book Value				
June 30, 2015	$ 1,246,665	$ 593,821	$ 327,402	$ 2,167,888

7. GOODWILL

Goodwill acquired through business combinations has been allocated to two cash generating units as follows:

	June 30, 2015	December 31, 2014
Ontario Operations	**$ 1,696,644**	$ 1,696,644
Western Canada Operations	**264,513**	264,513
Balance	**$ 1,961,157**	$ 1,961,157

The Ontario operations are comprised of Grajack Industries Ltd., R.H. Verduyn Granite Corporation Ltd., Barber Monuments Limited, Stratford Memorials Ltd. and imonument operations. The Western Canada operations are comprised of Somerville Memorials Ltd. and Remco Memorials.

8. DEBENTURES

		June 30, 2015		Dec 31, 2014
10% convertible debenture, semi-annual interest payments only on June 15th and December 15th in each year maturing June 2016	$	**5,242,000**	$	**5,357,000**
12% debenture, quarterly interest payments due January, April, July, October in each year beginning January 2014, with quarterly principal payments due March, May, August and November in each year, beginning August 2014, equal to 15% of the consolidated sales of the Company in each quarter ending March 31st, June 30th, September 30th and December 31st, maturing January 2016		**2,074,050**		**2,528,139**
		7,316,050		**7,885,139**
Less: unamortized transaction costs		**517,923**		**874,126**
	$	**6,798,127**	$	**7,011,013**

In June, 2015, a holder of 10% convertible secured debentures converted $115,000 of debentures for 605,262 common shares in accordance with the terms of the debenture.

The convertible debenture and the 12% debenture are recorded at amortized cost using the effective interest method at rates of 17.98% and 31.41% respectively.

The convertible debentures will be redeemable by the Corporation beginning July 2014 for cash consideration consisting of the outstanding principal amount, the accrued and unpaid interest to the date of redemption and a premium of 5% of the principal amount of debenture. Each debenture will be convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $0.19 per common share, being a conversion rate of 5,263.1579 common shares per $1,000 principal amount of debentures. The debentures are secured against all assets of the Company and its subsidiaries.

The $4,000,000 debenture was issued on October 31, 2013 consisting of 4,000 units. Each unit issued consisted of one 12% secured subordinated debenture with a principal amount of $1,000 and 2,000 rights at a price of $0.001 per right. Each right is convertible, for no additional consideration, into one common share of the Company on June 2, 2016 if the Company has not commenced paying a quarterly dividend of at least $0.005 per common share on or prior to June 1, 2016. If the Company commences the paying of the dividend on or before June 1, 2016, the rights will be terminated and cancelled, whether or not the payment of the dividend ceases after the first dividend payment. The debentures are secured by a mortgage, charge and security interest on all assets of the Company and its subsidiaries, subordinated and postponed to the holders of the convertible debentures.

A Corporation controlled by a director of the Corporation participated directly in the debenture financing for a total principal amount of $845,000.

9. SHARE CAPITAL AND STOCK OPTIONS

Authorized:
Unlimited number of common voting shares

Shares Issued:	**June 30, 2015**			December 31, 2014		
	No. of Shares		**Amount**	No. of Shares		Amount
Balance beginning of year	**39,723,603**	**$**	**4,643,159**	39,723,603	$	4,643,159
Debentures converted to shares	**605,262**		**115,000**	-		-
Shares issued for cash	**-**		**-**	-		-
Balance, end of quarter	**40,328,865**	**$**	**4,758,159**	39,723,603	$	4,643,159

In June, 2015 a holder of 10% convertible secured debentures converted to common shares in accordance with terms of the debentures.

Stock options
Pursuant to the Corporation's stock-based compensation plan, the Board of Directors may allocate non-transferable options to purchase Common shares of the Corporation to directors, officers, management consultants and employees of the Corporation and its subsidiaries.

(i) Agent Options

	June 30, 2015		December 31, 2014	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Beginning balance	**1,993,140**	**$0.120**	1,933,140	$0.120
Granted	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Balance, end of year	**1,993,140**	**$0.120**	1,933,140	$0.120

On October 31, 2013, as part of the Debenture, 1,828,500 Agents Options were granted. The Agent's Options have an exercise price of $0.120 and expire on January 31, 2016. On November 15, 2013, as part of the over allotment of the Debenture offering, an additional 164,640 options were granted at an exercise price of $0.125 and expire on February 15, 2016. The Agents Options have been calculated to have a grant date fair value of $153,156 as determined using the Black-Scholes option pricing model based on an exercise period of 27 months, exercise price of $0.12 and $0.125, volatility of 123.87% and 125.12% and a risk free rate of 1.10% and 1.12%. Volatility was calculated using historical trading values of 420 days.

10. RELATED PARTY TRANSACTIONS

An officer of the Corporation advanced $675,000 to the Corporation of which $59,000 has been repaid. The advance is recorded in trade and other payables; there are no repayment terms or interest charges associated with the advance.

The Corporation entered into the following transactions with key management personnel, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, including directors and management.

	June 30, 2015	March 31, 2015
Salaries and benefits	**148,500**	$82,083
Share-based payments	**-**	-
Total	**148,500**	$82,083

11. CAPITAL MANAGEMENT

The Corporation's capital includes cash and cash equivalents, debentures and equity, which includes issued common shares, contributed surplus and deficit. The Corporation's primary objectives with respect to its capital are:

- To safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders;
- To maintain flexibility in capital structure to ensure the ongoing ability to execute management's strategic plan.

Given that the Corporation has not reached the critical mass necessary to fund acquisitions and operations through cash flow, growth is contingent on additional acquisitions and organic growth. To meet these needs the Corporation may from time to time raise additional funds through borrowings or through the issuance of equity.

The Corporation has imposed capital requirements related to the October 31, 2013 debenture. Each unit issued consisted of one 12% secured subordinated debenture with a principal amount of $1,000 and 2,000 rights at a price of $0.001 per right. Each right is convertible, for no additional consideration, into one common share of the Company on June 2, 2016 if the Company has not commenced paying a quarterly dividend of at least $0.005 per common share on or prior to June 1, 2016. If the Company commences the paying of the dividend on or before June 1, 2016, the rights will be terminated and cancelled, whether or not the payment of the dividend ceases after the first dividend payment.

12. DILUTED LOSS PER SHARE

The Corporation has not included the effects of 28,194,737 common shares issuable upon the conversion of the 10% convertible debentures, 8,000,000 common shares potentially issuable under the rights agreement of the 12% debenture and 1,993,140 agent options as their effect would be anti-dilutive.

13. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current period. The changes do not affect prior year income.

14. SEASONALITY AND SEGMENTED OPERATIONS

Historically, the Corporation's operations have experienced certain seasonal patterns. Generally, net sales have been highest in the second or third quarter and lowest in the first quarter of each year due primarily to weather. Cemeteries generally do not allow memorials to be installed during winter months when the ground is frozen or in the case of a late spring, if the ground is too wet because they cannot be properly set under those conditions, (Note 3 (h) Revenue recognition).

The Corporation is comprised of one operating segment. With the acquisition of Remco Memorials in 2013, the Corporation expanded its operations in Western Canada and currently generates approximately 75% of its revenue from this region.