

MOBI GLOBAL SOLUTIONS Inc.

Management
Discussion and Analysis (“MD&A”)

For the six-month period ended June 30, 2015 and 2014

Management Discussion and Analysis

Introduction

This Management Discussion and Analysis ("MD&A") for Mobi Global Solutions Inc. (the "Company", "Mobi" or "we"), focuses on the significant activities of the Company which occurred during the six-month period ended June 30, 2015.

This MD&A includes information about the Company up to August 31, 2015, date of the deposit of this MD&A to the authorities.

The Company's condensed interim consolidated financial statements (unaudited), along with the comparative periods presented in them, have been prepared by and are the responsibility of the Company's management.

All amounts in this document are in Canadian dollars, which is the reporting currency of the Company. This MD&A was not audited by the Company's external auditors.

The Company's management is responsible for the preparation of the consolidated financial statements as well as other information contained in this MD&A. The Board of Directors is required to ensure that management assumes their responsibility with regards to the preparation of the Company's financial statements.

The Board adopted the creation of an Audit Committee on August 3, 2015 to assist the management in relation to the preparation of its financial statements. The Audit Committee's role is to meet with members of the management team to discuss the operating results and the financial situation of the Company. The Audit Committee makes recommendations to the Company's management before the financial statements are presented to the Board of Directors for their examination and approval.

On August 31, 2015, the Board of Directors approved and authorized for release: i) the interim consolidated financial statements (unaudited) for the six-month period ended June 30, 2015; and, ii) the MD&A for the six-month period ended June 30, 2015.

Additional information regarding the Company is available on the SEDAR website at www.sedar.com and includes the Company's other recent financial reports, securities and continuous disclosure documents.

Certain information provided by the Company in this MD&A and in other documents publicly filed throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "forecast" and similar expressions are intended to identify forward-looking statements.

Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Corporate Overview

Mobi was incorporated under the Business Corporations Act (Alberta) on February 8, 2005. The Company's registered office, and its head office, is located at 257 Sherbrooke St. East, Suite 400, Montreal, Quebec H2X 1E3.

On February 13, 2015, the Company changed its corporate name from Hybrid Paytech World Inc. to Mobi724 Global Solutions Inc.

The interim consolidated financial statements comprise the Company and its wholly-owned subsidiaries First Equity Strategy LLC ("First Equity"), incorporated in the State of Delaware, USA, Hybrid-PayTech Asia Pacific (HK) Limited, incorporated in Hong Kong, Vault Acquiring Solutions LLC, incorporated in the state of Delaware, USA, and Mobi724 Asia Inc., incorporated in the Philippines. The Company's other subsidiaries are a 51% ownership of Solutions Mobi724 Inc., incorporated under the Corporations Act (Canada) including Solutions Mobi724 Inc.'s fully owned subsidiary, Mobi724 Solutions S.R.L., which is incorporated in Argentina.

Mobi is a technology leader in digital incentives (such as mobile couponing & loyalty rewards) and payment solutions (including mobile payment).

Mobi's mission is to unleash the true potential of both payment and couponing/rewards transactions for both online and offline points of sale.

The Company is fully dedicated to delivering unique "real time" and seamless digital promotional incentives (coupons, bank cards, loyalty rewards) embedded in a secure payment environment. The Company provides its customers with full and comprehensive traceability and enriched consumer data through its offerings. Its solutions enable retailers, manufacturers, offer providers, mobile operators and card issuers to create, manage, deliver and "track & measure" incentive campaigns worldwide to ANY mobile device and allow its redemption at ANY point of sales.

Our credit and debit payment solutions, focusing on authentication, approved security and quick merchant adoption allows our users to process payments with a wide range of devices over a secure and seamless transaction.

Our PCI and EMV based transaction switch, with our device agnostic connectivity, simplifies deployment, integration and introduces new payment and digital incentives solutions to the market.

After many years of researching and developing its technologies and solutions, the Company began generating revenues in Q4 2014 while focusing on the following markets:

- i. **Digital Couponing Solutions:** In 2014, the digital couponing activities were mainly in Latin America and they were managed by our office in Buenos Aires, Argentina. In 2015, digital couponing sales will be more largely introduced in other markets in Latin America, but also in other territories such: Canada, USA and Asia. The actual Company's clients include: Grupo Sancor Seguros (one of the largest insurance groups in Argentina), IRSA – ASPA (one of the largest shopping mall operators in Argentina with 15 shopping malls), Telefonica (one of the world's largest communication companies).
- ii. **Payment Solutions:** In 2014, the Company's payment solutions were introduced in two (2) principal markets:
 - a) In the Caribbean where an agreement was signed with the Royal Bank of Canada to provide them with point of sales payment equipment and support; and,
 - b) in the Philippines where the installation of our EMV switch was finalized in December 2014 (starting to generate revenues in 2015 in Philippines and in other Asian countries).

You will find a review of the Company's business activities, for the six-month period ended June 30, 2015, in the following pages.

The common shares of Mobi are traded under the symbol "MOS" on the Canadian Securities Exchange ("CSE").

New Management Team since Q4 2014 and New Board of Directors in 2015

Marcel Vienneau, President of Solutions Mobi724Inc., accepted the position of CEO at the end of October 2014. Other members of Solutions Mobi724 Inc.'s management team along with new managers recruited from outside the Company assumed the management of the Company in November 2014.

The Company's new management team is entirely dedicated to: i) monetizing the Company's solutions; ii) generating high financial returns to its shareholders by focusing on revenue generation, reducing the burn rate and improving the balance sheet; iii) being transparent and communicate more frequently and more adequately with its shareholders and the financial community; and, iv) observe the highest of ethical standards in all of its actions.

In order to adequately support the management team in its objective to generate the highest possible revenues for the Company, new board of directors, composed of renowned business operators, were nominated in January 2015 and started their duties in August 2015.

Basis of Preparation and Going Concern Statement of Compliance

These condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required in the full annual financial

statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company's interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2014.

The preparation of financial data is based on accounting principles and methods of computation consistent with those used in the preparation of the audited annual financial statements as at December 31, 2014.

Other new or amended accounting standards had no significant impact on the Company's accounting methods.

Going Concern

The condensed interim consolidated financial statements have been prepared on a going concern basis in compliance with IFRS. A going concern basis contemplates the realization of the carrying value of assets and the settlement of liabilities in the normal course of business as they come due, which is dependent on future events including amongst other things, attaining a satisfactory revenue level from its payment solutions and e-couponing solutions, attainment of profitable operations, the generation of cash from operations and the ability to secure new financing arrangements and new capital to carry out its business plan. These matters are dependent on a number of items outside of the Company's control and there exists material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraphs, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company has generated limited revenues since inception and has generated losses from continuing operations totaling \$2,811,463 for the six months ended June 30, 2015, and an accumulated deficit of \$26,585,397 since the Company's inception on February 8, 2005. As at June 30, 2015, the Company's committed cash obligations and expected level of expenses for the next twelve months exceeds its committed sources of funds, even after taking into consideration the conversion of the convertible debt into capital and the financing received subsequent to June 30, 2015.

The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of the carrying amounts of assets or the amount and classification of liabilities that might result if the Company is unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

Forward Looking Statements

This MD&A contains forward-looking statements and forward looking information within the meaning of applicable Canadian securities legislation ("forward looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken or achieved) are not statements of historical fact, but are "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements.

Forward-looking statements include disclosure regarding possible events, conditions or results of operations that are based on assumptions about future conditions, courses of action and consequences. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. The Company

cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things, the successful commercialization of our technology, comments about potential future revenues, joint development agreements and expectations of signed contracts with customers etc. A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks and uncertainties include the risk of not securing required capital in future, the risks of not successfully concluding agreements with potential partners on a timely basis, the risks associated with commercializing and bringing to market our technology. These risks are affected by numerous factors beyond the Company's control: the existence of present and possible future government regulation, the significant and increasing competition that exists in the Company's business sector, uncertainty of revenues, markets and profitability, as well as those other factors discussed in this MD&A report. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities law.

1-BUSINESS HIGHLIGHTS (Q2 2015)

- The following is a summary of the key financial highlights:
 - Revenues increase: \$161K in Q2 2015 compared to \$37K in Q2 2014
 - Operating expenses decrease: \$1.8M in Q2 2015 compared to \$4.4M in Q2 2014, a substantial reduction of \$2.6M after 6 months in 2015
 - The main operating expenses reductions are the following:
 - \$1M reduction of salaries and contract labor
 - \$365K reduction in share-based payments expense: \$145K in Q2 2015 compared to \$520K in Q2 2014
 - 50% reduction of travel costs: \$112K in Q2 2015 compared to \$220K in Q2 2014
 - 300% reduction of professional fees: \$216K in Q2 2015 compared to \$692K in Q2 2014
 - Substantial monthly burn rate decrease: \$249K per month (average) in Q2 2015 compared to \$631K per month (average) in Q2 2014
- In Q2 2015, the management believes it has finalised the main issues of the restructuring phase, engaged in November 2014, and has shifted its focus to accelerate the monetization of its Couponing and Payment solutions.
- In January 2015, the Company signed a letter of intent ("LOI") to acquire 100% of all issued and outstanding shares of IQ7/24, a leading Canadian provider of loyalty and customer engagement solutions. IQ7/24 specializes in loyalty programs, which will be a strategic value-added to the Company's worldwide offering of digital couponing and payment solutions. The amalgamation of both companies' talent, technology and customer base will fuel the Company's growth trajectory. IQ7/24 has some of Canada's leading brands in its portfolio and customers across the Canadian landscape. Pending the lifting of the cease trade, the Company's management expects to close this transaction by the end of Q3.
- On February 13, 2015, the Company changed its name from Hybrid Paytech World Inc. to Mobi724 Global Solutions Inc.
- During the six-month period ended June 30, 2015, the Company:
 - Issued \$372,500 of convertible debentures for cash proceeds; the debentures mature on December 31, 2015 and bear interest at a rate of 10%; the debentures are convertible into common shares of the Company at a price of \$0.35; if the conversion is forced by the Company and, at that moment, the market price of the Company's shares is below \$0.35, the debentures will be convertible at the volume weighted average price of the shares calculated for the 5 trading days prior to date the Company sent the conversion form to the debenture holders.
 - Converted \$425,000 of demand debt into convertible debt at the same terms as described above;

- o Offered to debenture holders of 2013 convertible notes the opportunity to reduce the conversion price of the notes from \$1.25 to \$0.35 and to reduce the strike price of the related warrants from \$1.60 to \$0.50 provided they invested in the February 2015 convertible debenture financing. A majority (70%) of the debenture holders of the 2013 Convertible Notes accepted the Company's offer;
- o Convertible notes issued in 2013, in the aggregate amount of \$668,618 (capital and accrued interest), were fully converted into 996,859 common shares and 747,645 warrants exercisable at \$0.50 and \$1.60;
- o Reached an agreement to settle outstanding accounts payable balances in the amount of \$28,036 to arm's length parties by issuing 250,000 common shares having a value of \$27,500.
- o Issued 747,645 warrants in connection with the conversion of the convertible debt and were recorded in warrant reserve at the value attributed to them at the time of the issue of the convertible debt. These warrants were still outstanding as at June 30, 2015.
- During the six-month period ended June 30, 2015, no share options and no warrants were exercised.
- During the six-month period ended June 30, 2015, the Company concluded various commercial agreements:

Digital Couponing Solutions:

- i. In February 2015, the Company concluded a partnership agreement with Saatchi & Saatchi / Blu Frog S.A. to deploy the Company's digital couponing solutions and to support Saatchi & Saatchi / Blu Frog clients in Central America. Saatchi & Saatchi is a global creative communications company headquartered in New York with 130 offices in 70 countries and over 6500 employees. Saatchi & Saatchi is part of the Publicis Group, one of the world's largest communications group.
- ii. In March 2015, the Company concluded a partnership agreement with PuntoPY, a leading multimedia and advertising agency in Paraguay, to establish its presence in Paraguay and continue expanding its business in LATAM. PuntoPY is a leading media and digital advertising agency that introduced online banking in Paraguay, and today counts among its clients the biggest brands in banking, retail and mobile services.

Payment solutions:

- i. In March 2015, the Company concluded a partnership agreement with ENCASH Inc. which will make ENCASH the first EMV compliant ATM switch in the Philippines. ENCASH will use Mobi724's payment technology to execute EMV transactions to their customer base. This will be in compliance with the Philippine Central Bank's requirement for local banks to be in accordance with all international EMV standards. The standard covers the processing of credit and debit card payments using a card that contains a microprocessor chip.
- ii. In May 2015, the Company concluded a joint venture agreement for its EMV payment infrastructure and solutions with a South Korean company that specializes in systems integration and provides solutions in the fields of information technology, security, transportation, retail and telecommunications. The Company's technologies will allow its South Korean to offer exclusive payment solutions in many areas such bus, train, toll and other industries.
- iii. In June 2015, the Company concluded a reseller agreement with a Japanese corporation having activities in many countries in Asia. The Japanese corporation is one of the leading companies engaged in systems integration and software and technology development. It's main markets are financial institutions (banking, brokerage, securities, and financial services), manufacturing firms, retail outlets and other companies that seek ways to improve operations through automation.
- On May 5, 2015, the Company announced that it was unable to file its annual financial statements, MD&A and related CEO and CFO certificates for its fiscal year ended December 31, 2014 (the "Year End Filings") by the filing deadline of April 30, 2015 as prescribed by National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). As a result, on May 19th, 2015, the Autorité des Marchés Financiers (the "AMF") issued a cease trade order ("CTO") that prohibits trading in the securities of the Company until the Year End Filings are filed. The CTO was by extensions also effective in the Company's other reporting jurisdictions (namely Alberta, Ontario and British-Columbia).
- On June 5, 2015, the Autorité des Marchés Financiers (the "AMF") issued a partial revocation of the CTO that it had issued on May 19th, 2015 solely to permit the Company to carry out a private placement financing to issue a maximum of 36,363,637 common shares at a price of \$ 0.0825 for the aggregate amount of \$3,000,000. The

subscribers would be issued one common share purchase warrant for every common share issued on the first tranche of \$2,000,000 at an exercise price of \$0.0825 exercisable between November 15, 2015 and March 31st 2016 (their expiry date).

- In June 2015, with respect to the acquisition of IQ724, the due diligence process has been completed and the parties have agreed to close the transaction upon the revocation of the cease trade order currently in force.

2- Events after the Reporting Period

- In July 2015, the Company closed a first tranche of \$800,000 of its \$3,000,000 financing by issuing 9,696,968 common shares for a cash consideration of \$800,000. The Company also issued 9,696,968 common share purchase warrants exercisable at a \$0.0825 between November 15, 2015 and March 31, 2016.
- For its Digital Couponing Solutions, two clients agreement are close to being finalised and could generate revenues in Q3 2015:
 - An agreement with one of the world's largest bank's for the Company to provide its Point4Vouchers and OneSwipe solutions to the bank's 2 million cards holders in Argentina.
 - An agreement with one of largest mobile operators in Argentina for the Company to provide its Discount@POS solution to the mobile operator's 17 million users.
- For its Payment Solutions, two clients agreement are close to being finalised and could generate revenues in Q3 2015 and Q4 2015:
 - An agreement with an existing client in Philippines for additional services.
 - An agreement with a reseller allowing the Company to offer its solutions to the reseller's clients.
- On August 4, 2015, the Company filed: i) its audited financial statements dated December 31, 2014, ii) its unaudited financial statements dated March 31, 2015 and iii) the MD&A for the period ended on December 31, 2014 and v) the MD&A for the period ended on March 31, 2015. The filing of these documents should allow the Company to have the CTO revoked by the securities authorities in the Company's reporting jurisdictions.
- On August 6, 2015, the Company obtained a revocation order of the CTO from the British Columbia Securities Commission.
- On August 19, 2015, the Company received questions and observations from the AMF which the Company was asked to address in order for the Company to obtain a revocation of the CTO from the AMF.
- On August 25, 2015, the Company replied to the AMF's observations.
- On August 26, 2015, the Company received additional observations from the AMF.
- On August 31, 2015, the Company answered the additional observations it had received from the AMF.
- As of August 31, 2015, a decision from the AMF, Alberta Securities Commission and Ontario Securities Commission, regarding the revocation of the CTO, was still pending.

3-FINANCIAL HIGHLIGHTS

Q2 2015 Information

(in \$'000)	For the period ended June 30,	
	2015	2014
Sales	161	37
Operating Expenses	1,876	4,420
Operating Loss	(1,716)	(4,382)
Other Expenses ⁽¹⁾	1,161	(687)
Income Tax expense (recovery)	(68)	(68)
Net Loss ⁽²⁾	(2,811)	(3,627)
Loss per share		
Basic and diluted	\$(0.06)	\$(0.09)
Cash flow from operating activities before changes working capital items	(1,290)	(3,340)
Cash flow from operating activities	(827)	(3,740)
Acquisitions of property and equipment		(67)
Additions to intangible assets	(7)	(432)
Cash flow from financing activities	617	4,284

(in \$'000)	June 30, 2015	December 31, 2014
	Cash	71
Total assets	7,846	8,162
Long term debt	152	170
Shareholders' equity	(2,547)	(635)

Other

Weighted average outstanding shares		
Basic and Diluted	45,418,190	39,360,516

- (1) Other expenses are mainly composed of financial expenses (interest and banking fees), accretion expense on convertible debt and the estimated fair value of the liability for the acquisition of a non-controlling interest (49%) of Solutions Mobi724 Inc.

The increase or the decrease of the Other Expenses is mainly due to the estimated number of the Company's shares to be issued to Solutions Mobi724 Inc. shareholders x (times) the share price of the Company.

- (2) The unaudited condensed interim consolidated financial statements for the six months ended June 30, 2015 have been restated to reflect the accounting for a loss on the modification of the conversion terms of the 2013 convertible debentures (See Note 7 of the unaudited financial statements dated June 30, 2015). This correction resulted in the recording of a loss of \$133,000 in the three-months ended March 31, 2015. As a result of this correction, the net loss for the three-month period ended March 31, 2015 increased by \$133,000 and the deficit as at March 31, 2015 increased by \$133,000

4-CONSOLIDATED RESULTS

Net loss

The Company generated a net loss of \$2.8M for the six-month period ended June 30, 2015 (net loss of \$3.6M on June 30, 2014) for a total change of \$0.8M, which is comprised of the following:

	<u>In \$M</u>
Net Loss 2014	\$3.6
Decrease in Operating Expenses	(2.6)
Increase in Impairment of Intangible Assets	1.8
Increase in Financial Expenses	-
Decrease in gain on disposal of intangible assets	-
Decrease in income tax expense (net of deferred tax recovery)	-
Total Decrease in Net Loss	<u>\$0.8</u>

In 2014, the Company started generating revenues and revenues increased in Q2 2015: \$0.160M, compared to Q2 2014: \$0.037M.

Total operating expenses decreased substantially from \$4.4M in Q2 2014 to \$1.8M in Q2 2015. The decrease is due to:

- i. Less salaries and contractor fees
- ii. Less computer software development costs
- iii. Less travel
- iv. Less professional fees
- v. No contract buyout expenses

Expenditures related to computer software development reduced in Q2 2015 as the Company shifted from the development to the selling of its technologies and solutions in both the digital couponing and payment space. With the readiness of the Company's product solutions, management will devote more resources to sales, marketing, distribution and customer support. Campaigns and budgets are in place to begin an aggressive strategy of product promotion, trade shows, sales staff travel, distributor training and customer support.

5-CASH FLOW AND LIQUIDITY

As at June 30, 2015, the Company had a balance of \$0.071M in cash and total assets of \$7.8M with total liabilities of \$10.4M.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on future events including maintaining and raising adequate capital from either shareholders or outside lenders to finance future development activities. Please refer to the section on Financing Activities below for events that pertain to the continued viability of the Company. There is no certainty that these or other strategies will be sufficient to permit the Company to continue beyond Q2 2015.

Summary for the cash flow activities are detailed below:

Operating Activities

As at June 30, 2015, the cash flow used from operating activities amounted to \$0.8M (\$3.7M in 2014).

Investing Activities

As at June 30, 2015, \$0.07M was invested for the acquisition of property, equipment and intangible (\$0.5M in 2014). The intangible assets acquired in 2014 was a Payment Software Switch, a software product capable of receiving transactions from payment terminals and forwarding the transactions to the appropriate processor for processing and settlement. The acquired software switch was completed in 2015 and will be capable of processing credit and debit

transactions from standard payment terminals as well as transactions from terminals using EMV (acronym for Europay, Mastercard and Visa) technology.

Financing Activities

During the six-month period ended June 30, 2015, the Company:

- issued \$372,500 of convertible debt for cash proceeds; the debentures mature on December 31, 2015 and bear interest at a rate of 10%; the debentures are convertible into common shares of the Company at a price of \$0.35; if the conversion is forced by the Company and, at that moment, the market price of the Company's shares is below \$0.35, the debentures will be convertible at the volume weighted average price of the shares calculated 5 trading days prior to date the Company sent the conversion form to the debenture holders.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages liquidity risk through the management of its capital structure and financial leverage.

It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company's consolidated financial statements have been prepared on a going concern basis in compliance with IFRS as issued by the IASB. A going concern basis contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraphs, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

While management has been successful in the past at securing financing through the issuance of new equity and debt, there can be no assurance it will be able to do so in the future. As such, the Company's continued existence is dependent upon obtaining additional financing for its operations, complete projects in progress and continue its development work. Given the uncertainty involved in successfully executing on strategy, the realization of assets and discharge of liabilities are each subject to significant uncertainty.

It is not possible to predict whether the actions taken as a result of the Company's initiatives will result in improvements to its financial condition sufficient to allow the Company to continue as a going concern. If the going concern basis is not appropriate, material adjustments will be necessary to the carrying amounts and/or classification of assets and liabilities.

6- SHARE CAPITAL TRANSACTIONS

During the six-month period ended June 30, 2015, the Company:

Shares issued on conversion of convertible debt

- Converted \$425,000 of demand debt into convertible debt at the same terms as described above;
- Offered to debenture holders of 2013 convertible notes the opportunity to reduce the conversion price of the notes from \$1.25 to \$0.35 and to reduce the strike price of the related warrants from \$1.60 to \$0.50 provided they invested in the February 2015 convertible debenture financing. A majority (70%) of the debenture holders of the 2013 Convertible Notes accepted the Company's offer;
- Convertible notes issued in 2013, in the aggregate amount of \$668,618 (capital and accrued interest), were fully converted into 996,859 common shares and 747,645 warrants exercisable at \$0.50 and \$1.60.

Shares issued for settlement of liabilities

During the six-month period ended June 30, 2015, the Company:

- Reached an agreement to settle outstanding accounts payable balances in the amount of \$28,036 to arm's length parties by issuing 250,000 common shares having a value of \$27,500.

7-STATEMENTS OF FINANCIAL POSITION

Assets

As at June 30, 2015, total assets amounted to \$7.8M, a decrease of \$.4M when compared to December 31, 2014. The main differential is the cash position and depreciation of the assets.

	June 30, 2015	December 31, 2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	71,057	289,182
Short-term investments	39,425	39,425
Trade and other receivables	122,902	102,144
Prepaid expenses	8,977	23,641
	<u>242,361</u>	<u>454,392</u>
NON-CURRENT ASSETS		
Financial derivative asset	1,540,000	1,320,000
Property and equipment	47,407	86,974
Intangible assets	2,877,009	3,161,231
Goodwill	3,139,191	3,139,191
	<u>7,603,607</u>	<u>7,707,396</u>
	<u>7,845,968</u>	<u>8,161,788</u>

Accounts Payable and Accrued Liabilities

	June 30, 2015	December 31, 2014
	\$	\$
Accounts payable and accrued liabilities	3,171,038	2,687,189
Salaries and related benefits	24,448	78,575
Amounts due to related parties	27,185	5,648
Liability for third party garnishment resulting from assumption of judgment against former directors (a)	250,000	250,000
	<u>3,472,671</u>	<u>3,021,412</u>

- (a) In February 2014, the Company assumed a liability in the amount of \$1,000,000 for the settlement of a judgement rendered by the Quebec Superior Court issued on December 4, 2013 against two former directors and founders of the Company and the Company with respect to a garnishment issued against the Company pursuant to a judgement rendered against the former directors and founders. A payable of \$1,000,000 was recorded as at December 31, 2013.

An amount of \$250,000 was paid at signing in February 2014, and the balance including interest to be paid no later than June 27, 2014. As at June 30, 2015, an amount of \$250,000 remains payable.

Contingencies and Events after the Reporting Period

To the best of management's knowledge, the Company is presently in compliance, in all material respects, with the laws and regulations already in place with the exception of the cease trade order issued on May 19, 2015 by the AMF.

Off-Balance Sheet Transactions

As at June 30, 2015, the Company had not entered into any significant off-balance sheet transactions.

8-RELATED PARTY TRANSACTIONS

Transactions

The following table summarized the transaction and balances outstanding with related parties of the Company:

	For the six-month period ended June 30, 2015 \$	For the six-month period ended June 30, 2014 \$
	June 30, 2015	December 31, 2014
Transactions:		
Rent paid to a company controlled by a significant shareholder	51,000	-
Balances outstanding:		
Amounts due to officers and directors	-	1,577
Amounts due from officers and directors	8,149	-
Amounts due to persons that are significant shareholders and founders of the Company	277,185	266,786
Convertible debentures due to directors	400,000	-
Demand debt and Term Loan due to Directors	160,000	430,000
	845,334	698,363

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	For the six-month period ended June 30, 2015 \$	For the six-month period ended June 30, 2014 \$
Salaries and related benefits and contract labor	29,167	214,039
Share-based payments compensation	-	229,607
	29,167	443,646

9-INFORMATION ON OUTSTANDING SHARES

Data on Available Outstanding Shares (as at June 30, 2015):

	Number
Common shares	45,418,190
Options	1,775,151
Warrants	9,050,539

In July 2015, the Company issued 9,696,968 common shares for a cash consideration of \$800,000. The Company also issued 9,696,968 common share purchase warrants exercisable at a \$0.0825 between November 15, 2015 and March 31, 2016.

10-SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for the last eight quarters:

SELECTED FINANCIAL INFORMATION

LAST 8 QUARTERS	2015		2014			2013		
	Second	First	Fourth	Third	Second	First	Fourth	Third
Revenues	160 606 \$	88 108 \$	84 453 \$	27 842 \$	24 145 \$	13 197 \$	(124 344) \$	11 078 \$
Net Income (Loss)	(2 876 563) \$	(4 332 346) \$	462 777 \$	(2 847) \$	(1 523 061) \$	(2 103 850) \$	(7 747 414) \$	(2 209 573) \$
EPS (In dollars):								
Basic and diluted	(0,06) \$	(0,10) \$	0,01 \$	- \$	(0,04) \$	(0,05) \$	(0,30) \$	(0,08) \$

11-OUTLOOK FOR THE REMAINING MONTHS OF 2015

Our main areas of focus will be:

- The monetization of our payment and couponing solutions across multiple continents to establish that our business model has global appeal but initially focusing our execution in five (5) specific countries/regions (Argentina, Guatemala, Paraguay, Philippines and the Caribbean);
- In regards to our couponing solutions, focus in three (3) South American countries in the short term (Argentina, Paraguay and Guatemala) and with extended deployment in other South American countries in the medium term;
- To introduce our couponing solutions in other markets such as: Canada, USA and Asia (in combination with the deployment of our payment solutions in Asia);
- In regards to our payment solutions, in the Philippines in the short term and with extended deployment in other Asian countries in the medium term;
- To commence deployment of our payment solutions in South America through our office in Buenos Aires, Argentina;
- Complete our new e-wallet solution (in development);
- To continue growing our contract with the Royal Bank of Canada in the Caribbean;
- Generate synergies following the acquisition of IQ7/24;
- Migrate to the TSX Venture stock exchange;
- To seek the completion of a strategic acquisition.

12-CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the Company's management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimates and assumptions that have a significant risk of causing material adjustments to the Company's financial statements are addressed below.

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the fair value of the business acquired. To do so, the Company must determine the acquisition-date fair value of the identifiable assets acquired, including such intangible assets as electronic gateways and processor connections, and liabilities assumed. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount

of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. Additionally, the Company must make assumption on the discount rate and estimated future revenue to determine the fair value of the liability for the consideration transferred. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated statement of financial position on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future profit or loss.

Impairment of non-financial assets

Impairment assessments may require the Company to determine the recoverable amount of a cash-generating unit ("CGU"), defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. This determination requires significant estimates in a variety of areas including: the determination of fair value, selling costs, timing and size of cash flows, and discount and interest rates. The Company supports all assumptions made in the above estimates and updates such assumptions to reflect the best information available to the Company if and when an impairment assessment requires the recoverable amount of a CGU to be determined.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of options, the time of exercise of those options and expected extinguishments. The model used by the Company is the Black-Scholes model.

Valuation of financial instruments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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 income tax assets and liabilities in the year in which such determination is made.

13- NEW ACCOUNTING STANDARDS ADOPTED IN 2014

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2014. Information on these new standards is presented below:

IFRIC 21 – Levies

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date.
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made.

- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

14- ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these consolidated financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board (“IASB”) that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company’s consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company’s financial statements.

IFRS 9 ‘Financial Instruments’ (2014)

The IASB recently released IFRS 9 ‘Financial Instruments’ (2014), representing the completion of its project to replace International Accounting Standard (“IAS”) 39 ‘Financial Instruments: Recognition and Measurement’. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company’s management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 ‘Revenue from Contracts with Customers’

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Company’s management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

15- RISKS AND UNCERTAINTIES

The Company operates in the technology industry which is subject to numerous significant risks that can influence the profitability of a company. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current operations. There may exist other risks that are not indicated below which may currently exist or can arise in the future regarding the Company’s operations. An investment in the Company should be considered highly speculative due to the nature of the Company’s activities and its current stage of development. For additional discussion of risk factors, please refer to the Company’s Annual Information Form which is available upon request from the Company or on its profile at www.sedar.com.

FINANCIAL RISKS

Future financing

Due to the Company’s severe liquidity constraints, the success of future operations is directly linked to the ability to access to required capital. Over the past several years, the Company has successfully raised funding to support its development initiatives and fund its Company’s corporate structure and overheads. The financing environment for early stage technology companies remains challenging and there is no certainty that the Company will be able to continue to raise financing as it has in the past to continue to support its business initiatives.

Access to capital markets

To fund its growth, the Company is often dependent on securing the necessary capital through loans or issuing equity. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's projects. To ensure the availability of capital, the Company maintains an investor relations program in order to inform all shareholders and potential investors of the Company's developments.

Foreign exchange rates

The functional currency of the Company is the Canadian dollar. The Company is exposed to foreign exchange risk as a portion of its monetary balances are denominated in U.S. dollars, Philippine Pesos and Argentina Pesos. The Company is, therefore, exposed to gains and losses due to fluctuations in these currencies. The Company does not use derivatives to manage the exposure to foreign exchange risk.

Fluctuation in interest Rates

The Company has long term debt that is exposed to risks associated to fluctuations in interest rates. The Company entered into a long term financing agreement that bears interest at the Canadian prime rate plus 3%.

OPERATIONAL RISKS

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company's long term debts are collateralized by equipment of the Company. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist of cash, short term investments, accounts receivable, and deposits. The Company offsets these risks by depositing its cash and its short-term investments with international financial institutions with low risk credit ratings.

Industry competition

The technology industry is very competitive and the Company has to compete with other companies relating to access to capital, attraction of technical labour and resources, and market demand. The Company has made significant strides in developing its products over the past four years in its attempt to commercialize products with its various strategic development partners. As of the current fiscal year, the Company has completed its development efforts to the point that it has product available for sale. For most sales in the payment industry, there are additional steps needed to certify a payment solution in order to deploy it. The Company has secured certifications in several important jurisdictions, but each market territory requires separate certifications with various payment acquirers, banks or processors. There remain uncertainties as to the Company's ultimate ability to complete necessary certifications in a timely fashion to deploy successful customer solutions.

Market demand

The Company has entered into multiple joint development agreements whereby our partners are subjecting our prototype products to rigorous testing. While this was very encouraging, there is no guarantee that they will continue. Some of the joint development partners that we are dealing with are private companies and there is a potential risk of those companies having to secure all of their requisite financing to support their orders and their working capital requirement.

Qualified technical labour

The lack of qualified technical labour is a global risk for all technology companies including Mobi that can threaten to reduce productivity, increase operating costs, and cause project delays.

Key management

The Company is dependent on a relatively small number of key employees, of which the loss of any could have an adverse effect on its operations and financial reporting resulting in potential material weaknesses in the Company's environment of internal controls over financial reporting and disclosure controls and procedures.

Litigation

All industries, including the technology industry, are subject to legal claims, with and without merit. The Company may in the future be involved in various legal proceedings. While the Company believes it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on the financial position or results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's future cash flow, results of operations or financial position.

Risks linked to common shares

The price of common shares can fluctuate for several reasons such as the exchange rate, financing and several other factors. It is possible that the price of common shares might experience significant volatility that has a negative impact on the market capitalization of the Company.

(s) Marcel Vienneau

Marcel Vienneau
Chief Executive Officer

(s) Luc Charbonneau

Luc Charbonneau
Vice-President Finance and COO