iSIGN Media Solutions Inc.

Consolidated Financial Statements
For the Years Ended April 30, 2015 and 2014
Expressed in Canadian Dollars

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iSIGN MEDIA SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS APRIL 30, 2015 and 2014

Contents

SCARROW
& COMPANY
Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of iSIGN Media Solutions Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of iSIGN Media Solutions Inc. and its subsidiaries (collectively the "Company") which comprise the consolidated statements of financial position as at April 30, 2015 and 2014 and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of iSIGN Media Solutions Inc. as at April 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Company's ability to continue as a going concern.

Scarrow & Company Professional Corporation

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

Markham, Ontario

July 30, 2015

iSIGN Media Solutions Inc.
Consolidated Statements of Financial Position
As at April 30, 2015 and April 30, 2014
Expressed in Canadian Dollars

	[Notes]	2015	2014
Assets			
Current assets			
Cash		$ 6,443	$ 133,802
Restricted cash	[6]	17,000	17,000
Accounts receivable (net of allowance of $38,070, 2014 - $71,895)		5,606	53,075
Other receivable		942	8,252
Sales taxes recoverable		83,028	204,781
Inventories	[7,17.vi]	1,081,375	158,756
Prepaid expenses and deposits	[8, 17.vi]	21,119	395,079
		1,215,513	970,745
Non-current assets			
Property and equipment	[10]	40,836	64,726
Intangible assets	[11,17.vi]	2,757,210	1,853,909
		2,798,046	1,918,635
Total assets		$ 4,013,559	$ 2,889,380
Liabilities			
Current liabilities			
Bank Indebtedness	[12]	$ 5,200	$ -
Accounts payable and accrued liabilities	[17]	1,899,705	769,992
Provisions		36,641	234,203
Note payable	[13, 17.iv,20.viii]	100,000	250,000
Deferred revenue		27,838	67,920
Asset retirement obligations		99,400	-
		2,168,784	1,322,115
Non-current liabilities			
Deferred revenue		-	36,371
Deferred taxes	[16]	-	-
Asset retirement obligations		-	163,681
Total liabilities		2,168,784	1,522,167
Shareholders’ equity			
Share capital	[14.a]	10,794,391	10,475,026
Warrants	[14.d]	3,340,422	2,991,942
Contributed surplus	[15]	6,212,595	4,655,473
Deficit		(18,502,633)	(16,755,228)
Total shareholders’ equity		1,844,775	1,367,213
Total liabilities and shareholders’ equity		$ 4,013,559	$ 2,889,380

Going Concern [Note 2]; Commitments and Contingencies [Note 21]

Approved by the board

"A. Romanov" ______________________________ Director

"B. Reilly" ______________________________ Director

The accompanying notes form an integral part of these consolidated financial statements.

iSIGN Media Solutions Inc.

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended April 30, 2015 and April 30, 2014
Expressed in Canadian Dollars

		Share Capital		Warrants		Contributed		Total Shareholders'
	[Notes]	Number	Amount	Number	Amount	Surplus	Deficit	Equity
			$		$	$	$	$
Balance at April 30, 2013		68,098,686	8,424,098	14,213,444	3,454,266	2,604,799	(14,330,575)	152,588
Issuance of common shares with warrants	[14.a,d]	9,499,999	1,529,950	9,499,999	997,500	-	-	2,527,450
Issuance of common shares in exchange for royalty payments	[14.a]	2,924,448	511,778	-	-	-	-	511,778
Options exercised	[14.a]	40,000	9,200	-	-	-	-	9,200
Transfer to contributed surplus:								
Ascribed value of expired warrants	[14.d,15]	-	-	(4,147,228)	(1,459,824)	1,459,824	-	-
Share-based compensation	[14.c]	-	-	-	-	590,850	-	590,850
Comprehensive loss		-	-	-	-	-	(2,424,653)	(2,424,653)
Balance at April 30, 2014		80,563,133	10,475,026	19,566,215	2,991,942	4,655,473	(16,755,228)	1,367,213
Issuance of common shares with warrants in exchange for note payable	[14.a.d]	9,566,094	171,158	9,566,094	1,348,819	-	-	1,519,977
Issuance of common shares	[14.a]	108,888	18,752					18,752
Warrants exercised	[14.a]	181,516	54,455	-	-	-	-	54,455
Options exercised	[14.a]	500,000	75,000	-	-	-	-	75,000
Transfer to contributed surplus:								
Ascribed value of expired warrants	[14.d, 15]	-	-	(5,848,666)	(960,950)	960,950	-	-
Ascribed value of exercised warrants	[14.d, 15]	-	-	(181,516)	(39,389)	39,389	-	-
Share-based compensation	[14.c]	-	-	-	-	556,783	-	556,783
Comprehensive loss		-	-	-	-	-	(1,747,405)	(1,747,405)
Balance at April 30, 2015		90,919,631	10,794,391	23,102,127	3,340,422	6,212,595	(18,502,633)	1,844,775

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2015 and April 30, 2014
Expressed in Canadian Dollars

	[Notes]	2015	2014
Revenues			
Sales		$ 45,754	$ 2,235
Service		257,829	613,111
		303,583	615,346
Cost of sales		290,777	728,218
Gross Profit (Loss)		12,806	(112,872)
Expenses			
Amortization - intangible assets	[11]	153,440	470,444
Bad debt recovery		(33,825)	(9,625)
Depreciation – property and equipment	[10]	23,890	49,575
General and administration	[24]	1,521,546	1,573,404
Impairment – digital signage	[11]	-	380,902
Impairment – interactive media devices	[10]	-	51,203
Interest		43,821	31,623
Loss on disposal of fixed assets		-	5,089
Selling and marketing	[23]	51,339	618,763
		1,760,211	3,171,378
Loss before undernoted item		(1,747,405)	(3,284,250)
Gain on debt settlement	[14.a.iii]	-	426,592
Loss before income tax		(1,747,405)	(2,857,658)
Recovery of income tax	[16]	-	433,005
Loss and comprehensive loss		$ (1,747,405)	$ (2,424,653)
Loss and comprehensive loss per share (basic and diluted)	[18]	(0.020)	(0.032)
Weighted average number common shares outstanding (basic and diluted)	[18]	85,281,055	76,706,065

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
For the Years Ended April 30, 2015 and April 30, 2014
Expressed in Canadian Dollars

	[Notes]		2015		2014
Net (outflow) inflow of cash related to the following activities:					
Operating					
Net loss from continuing operations		$	(1,747,405)	$	(2,424,653)
Adjustments for non-cash items:					
Depreciation - property and equipment	[10]		23,890		49,575
Amortization - intangible assets	[11]		153,440		470,444
Impairment – digital signage	[11]		-		380,902
Impairment – interactive media devices	[10]		-		51,203
Stock-based compensation	[14.c]		556,783		590,850
Loss on disposal of property and equipment			-		5,090
Share-based royalties settlement	[14.a.iii]		-		511,780
Accretion interest - asset retirement obligations			4,214		29,449
Recovery of income tax	[16]		-		(433,005)
			(1,009,078)		(768,365)
Net change in non-cash working capital	[22]		415,076		(427,619)
Net Cash used in Operating Activities		$	(594,002)	$	(1,195,984)
Investing					
Proceeds on disposal of property and equipment			-	$	50
Additions to property and equipment	[10]		-		(18,210)
Additions to intangible assets	[11]		(1,056,741)		(1,177,308)
Prepaid development costs			-		(310,000)
Net Cash used in Investing Activities		$	(1,056,741)	$	(1,505,468)
Financing					
Issuance of common shares and warrants	[14.a (iv),(v)]	$	1,538,729	$	2,527,450
Exercise of warrants	[14.a.(vii)]		54,455		-
Exercise of stock options	[14.a.(vi)]		75,000		9,200
Note payable converted to common shares	[13, 14.a (v)]		(1,500,000)		-
Issuance of note payable	[13]		1,350,000		250,000
Net Cash provided by Financing Activities		$	1,518,184	$	2,786,650
Cash provided (utilized)		$	(132,559)	$	85,198
Cash – beginning of year			133,802		48,604
Cash – end of year		$	1,243	$	133,802
Cash position consists of:					
Cash		$	6,443	$	133,802
Bank indebtedness	[12]		(5,200)		-
		$	1,243	$	133,802

Cash is defined as unrestricted bank balances.

The accompanying notes form an integral part of these consolidated financial statements.

1. Description of Business

iSIGN Media Solutions Inc. ("iSIGN" or the "Company") was incorporated under the laws of Ontario on May 15, 2007. On April 8, 2008, the Company was listed on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company as defined in the Exchange's Policy 2.4, "Capital Pool Companies". On September 3, 2009, the Company completed its Qualifying Transaction, as defined in the Exchange's policy 2.4, by acquiring all of the issued and outstanding shares of iSIGN Media Corp. ("iSIGN Media"). The Corporation's head office is located at 45A West Wilmot Street, Unit 3 in Richmond Hill, Ontario, L4B 2P2.

iSIGN is a Software-as-a-Service ("SaaS") company that licenses its patented proximity marketing solutions that deliver rich-media, permission based messages to consumers within a scalable 300 foot radius, making the messages relevant and spontaneous. iSIGN's technology, contained within the Smart Antenna and Smart Player, utilizes Bluetooth® and Wi-Fi location-aware technology to deliver messaging directly to the consumers' mobile devices without the need to download an app and free of charge to the recipient; all without obtaining any private information from the recipient. Device discovery and message statistics are secure and gathered in real-time, stored and analyzed within iSIGN's back office resulting in anonymous, preferential and predictive data. The resulting business intelligence and real-time metrics, gathered by iSIGN's patented solution, delivers insights on consumer preferences that help advertisers measure their efforts and make business decisions, thus enabling advertisers and retailers to increase their ROI and customer loyalty.

iSIGN has moved from the research phase into the development phase of the product life cycle, having proven the iSIGN device technical feasibility as it moves to being available for use and sale. In addition to this, the Company has demonstrated the existence of a market for the data generated from the iSIGN technology. The Company continues to move forward in completing the development phase in order to monetize the data generated through the ongoing use of the iSIGN products.

2. Going Concern

While these consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, certain adverse conditions and events cast substantial doubt upon the validity of this assumption. As at the year ended April 30, 2015, the Company has incurred significant losses since its inception in the amount of $18,502,633 (April 30, 2014 - $16,755,228). As at the year ended April 30, 2015, the Company reported a working capital deficiency of $953,271 (April 30, 2014 - $351,370).

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and to raise capital through equity or debt financing until such time as the Company can support its activities through its own cash flow.

If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported loss and comprehensive loss and the statement of financial position classifications used. The financial statement items most likely to be subject to adjustment would be inventories and intangible assets.

3. Basis of Presentation

Statement of Compliance
These consolidated financial statements, including comparatives, have been consistently prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS and IFRIC policies issued and effective as of July 30, 2015. The consolidated financial statements were authorized for issue by the Board of Directors on July 30, 2015.

3. Basis of Presentation – continued

Basis of Measurement
These consolidated financial statements have been prepared on the basis of historical costs, except for the financial instruments which are measured at fair value through profit or loss.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, iSIGN Media Corp., iSIGN Media Network Corp. and Pinpoint Commerce Inc.

Subsidiaries are entities that are controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated financial statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Use of Estimates and Judgments
The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates and these differences could be material.

Intangible Assets – The Company has capitalized certain costs to internally generated intangible assets related to intellectual property development, to a US Patent that the Company has been awarded and to the cost of obtaining certain contracts through a deferred share-based payment. Judgment is required in identifying whether a particular project can be properly classified as being in the development phase or not. In addition, judgment is required in order to identify and reliably measure the expenditures attributable to these development initiatives.

Inventories – The Company carries inventory on its accounts at the lower of cost and net realizable value. Judgment is required to evaluate when a write-down of inventory might be necessary and is required in the evaluation of available data to determine net realizable value.

Accounts Receivable – The Company carries trade accounts receivable at cost net of an allowance for doubtful accounts which provides for any uncertainty of collection. Judgment is required on the evaluation of future probable events that might impact a customer's ability or intention to make full payment of these accounts.

3. Basis of Presentation – continued

Use of Estimates and Judgments – continued

Provisions – Provisions necessarily involve extensive judgment about the impact that a past event may have on future outlays and what amount would be required to be recorded in the current period to adequately reflect the obligation at the end of the reporting period.

Depreciation - Depreciation is calculated to amortize the cost, less estimated residual value, of property and equipment on a declining or a straight-line basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including vendors, industry practice, and company-specific history. (Note 10)

Amortization - Amortization is calculated to amortize the cost of intangible assets on a straight-line basis over their expected useful lives. Useful lives are based on data and information from industry practice and company-specific history. (Note 11)

Impairment - The determination of whether indicators of impairment exist and the aggregation of assets into cash generating units ("CGUs") based on their ability to generate independent cash flows is subject to management's judgment. The recoverable amounts used for impairment calculations require estimates of future cash flows related to the assets or CGUs and estimates of discount rates applied to these cash flows.

The Company reviews impairment based on the following (Notes 10 and 11):

Intangible assets	- Whenever there are indicators of impairment
Property and equipment	- Whenever there are indicators of impairment

Revenue recognition - When deciding the most appropriate basis for presenting revenue or direct costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires principal revenue to comprise the gross value of the transaction billed to the customer with any related expenditure charged as direct cost of principal revenue. Where the Company's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue representing the margin earned.

Share-based payments - Management is required to make certain estimates when determining the fair value of stock option awards, the number of awards that are expected to vest, and warrants related to deferred stock-based payments. These estimates affect the amount recognized as share-based payments in the statements of loss and comprehensive loss, and the amounts ascribed to warrants in the statements of financial position (Note 14).

Asset retirement obligations "ARO" - The determination of the present value of the Company's ARO, related to the digital network property and equipment, requires management to make estimates of the cost of future events, appropriate discount rates and residual property and equipment values.

Taxes - The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements (Note 16).

4. Significant Accounting Policies

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred or assumed by the Company, and equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs, other than those related to the issue of debt or equity securities, are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value as applicable, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of loss and comprehensive loss.

Revenue Recognition

Revenue in the ordinary course of business is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the product has been shipped or the services have been provided to the customer, the sales price is fixed and determinable and collectability is reasonably assured. Deferred revenue represents amounts invoiced but not earned as of the end of the period. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each major category of revenue:

4. Significant Accounting Policies – continued

Revenue Recognition - continued

Equipment - Revenues from the sale of equipment are recognized when title is transferred to the customer, installation has been completed and all significant contractual obligations that affect the customer's final acceptance have been fulfilled.

Broadcast-Software licensing and digital signage advertising - Revenue is recognized on a monthly basis over the life of the contract.

Data revenue - Revenue is recognized upon delivery of the contracted data.

Multiple-element arrangements - The Company enters into transactions that represent multiple-element arrangements which may include any combination of equipment, installation and software licensing. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purposes of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. This vendor specific objective evidence of fair value is established through the price charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Intangible Assets

The Company's intangible assets including their estimated useful lives and amortization rates are as follows:

Internally-generated intangible assets	
Technology Development Costs – indefinite life	- not applicable
Data Development Costs – not yet available for use	- to be determined
Patents	- 20 years
Other intangible assets	
Trademarks	- 15 years
Digital Signage Contract acquired through business combination	- life of the contract
Deferred Share-based Payment	- life of the contract

The Technology Development Costs included as part of the internally-generated intangible assets have been assessed as having an indefinite useful life as they report the costs attributed to the base line platform which consolidates the Company's technology and methodologies with enduring and evolving Blue Tooth technology. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

4. Significant Accounting Policies – continued

Intangible Assets – continued

Internally-generated intangible assets - research and development expenditures – continued

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Further, the intangible asset is evaluated to determine if it has a finite or indefinite life. If the asset has a finite life, the estimated useful life is determined when the asset is available for use. Intangible assets that have an indefinite life are not subject to amortization. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories include all costs to purchase, assemble and to bring the inventories to their present location and condition on an average cost basis.

Under certain contracts with customers the Company transfers its products to the customers' locations but retains ownership of the equipment. In these circumstances the cost of the inventory is transferred to property and equipment. Such equipment consists of Interactive Media Solution Units and Servers, iSIGN Smart Antennas and digital signage and related hardware.

When a contract expires, Company equipment at customers' locations is retrieved and returned to the Company's warehouse at carried cost that is the cost less accumulated depreciation of the property.

Incidental costs that are additional to the carried cost of the property, including transfer costs to and from the customer and maintenance costs are expensed in the period the costs are incurred.

4. Significant Accounting Policies – continued

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is charged so as to amortize the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

Interactive Media Devices	- 30% declining balance
Furniture and Fixtures	- 10% declining balance
Computer Equipment	- 30% declining balance
Vehicle	- 30% declining balance
Digital Signage Equipment	- Straight line 18 months
Leasehold Improvements	- Over the term of the lease

Products transferred from the Company's inventory to customers' locations, which remain the property of the Company, are transferred to the Company's equipment at cost. Cost includes the inventory carried cost plus installation costs. Equipment is depreciated commencing from the power-on date of the equipment.

Impairment

Financial assets - A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the asset is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive loss.

Non-financial assets - At the end of each reporting period, the Company reviews the carrying amounts of its long lived assets (intangibles and property and equipment) to determine whether there is any indication that those assets have suffered an impairment loss. Indefinite life intangibles are assessed annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGU’s for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

4. Significant Accounting Policies – continued

Income taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive loss or directly in shareholders' equity.

Current Income Tax - Current tax expense is the expected tax payable or receivable based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax - Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred Tax Liabilities - (i) are generally recognized for all taxable temporary differences; (ii) are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the differences will not reverse in the foreseeable future; and (iii) are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred Tax Assets - (i) are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and (ii) are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to owners of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings (loss) and number of shares for the effects of dilutive options, and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. All options and convertible debentures are considered anti-dilutive when the Company is in a loss position.

Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees, directors, officers, and contractors as consideration for equity instruments of the Company.

4. Significant Accounting Policies – continued

Share-based payments - continued

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Foreign currency translation

Transactions in currencies other than the Company's functional currency (foreign currency) are recognized at the exchange rates in effect on the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses on monetary items are recognized in the statement of loss and comprehensive loss.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at the rate of exchange in effect on the date of the transactions. The resulting translation adjustments are included in accumulated other comprehensive loss in shareholders' deficiency.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies financial instruments as either held-to-maturity, available-for-sale, fair value through profit or loss ("FVTPL"), loans and receivables, or other financial liabilities. Financial assets held to maturity, loans and receivables and other financial liabilities, are measured at amortized cost. Available-for-sale instruments are measured at fair value unless they are unlisted with no active market. In that case, they are measured at cost. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of comprehensive income (loss).

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

4. Significant Accounting Policies – continued

Financial Instruments - continued

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below; their classification depends on the purpose for which the financial instruments were required or issued, their characteristics and the Company's designation of such instruments.

The Company had made the following classifications: (i) Cash is classified as a financial asset at fair value through profit or loss; (ii) Accounts receivable and other receivables are classified as loans and receivables and are recorded at amortized cost; and, (iii) Accounts payable and accrued liabilities, are classified as other liabilities and measured at amortized cost using the effective interest method.

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Loans Receivable - Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include trade and other receivables.

Available-for-Sale Financial Assets - Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other Financial Liabilities - Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Liabilities in this category include accounts payable and accrued liabilities.

Equity Instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

4. Significant Accounting Policies – continued

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The Company currently has no other forms of equity authorized or issued other than common share ownership.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Company's asset retirement obligations policy requires recognition of a legal liability for obligations relating to the retirement of property and equipment from the digital signage network acquisition and normal operation of those assets. Such asset retirement obligations must be recognized at net present value in the period in which it is incurred, and added to the carrying value of the assets. The net present value of the obligation is accreted to its future value in full over the life of the contract. The accretion interest is charged to the profit and loss.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

5. Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple

5. Recent Accounting Pronouncements – continued

impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 11 - Joint Arrangements (“IFRS 11”) was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IFRS 15 - Revenue From Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 16 – Property, Plant and Equipment (“IAS 16”) and IAS 41 – Agriculture (“IAS 41”) were amended in June 2014 in order to bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

IAS 27 – Separate Financial Statements (“IAS 27”) was amended in August 2014 to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

5. Recent Accounting Pronouncements – continued

IAS 38 - Intangible Assets ("IAS 38") and IAS 16 – Property, Plant and Equipment ("IAS 16"), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 40 – Investment Property ("IAS 40") was amended to clarify that judgment is needed to determine whether an acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of IFRS 3, Business Combinations. Determining whether a specific transaction meets the definition of a business combination as defined in IFRS 3 and includes an investment property as defined in IAS 40 requires the separate application of both Standards. This amendment is effective for annual reporting periods beginning on or after July 1, 2014.

6. Restricted Cash

Restricted cash consists of cash on deposit with the Company's bank as security for the Company's line of credit and credit card. The amount on deposit earned interest calculated at 0.65% to 0.8% annually from May 1, 2014 to April 30, 2015, and is refundable to the Company upon cancellation of the line of credit and/or credit card, or when the Company provides alternative acceptable security in support of the line and credit card.

7. Inventories

The Company's inventories consist of purchased Smart Antennas.

	2015	April 30 2014
Balance beginning of year	$ 158,756	$ 104,062
Purchases	950,650	59,744
Transferred to property and equipment	-	(1,580)
Transferred to sales and marketing	-	(2,206)
Transferred to cost of sales	(28,031)	(1,264)
Balance end of year	$ 1,081,375	$ 158,756

8. Prepaid Expense

Included in prepaid expense as at April 30, 2014, was an amount of $310,000 related to a contract the Company entered into and paid for in May 2013. The contract was a two year Consulting Agreement with a private corporation controlled by an individual who also controls a corporation that has participated in the Company's private placements (Notes 14 a.(i) and 14.a.(v)). The controlling individual is considered to be an Insider of the Company, by reason of ownership of common shares in excess of 10% of the Company's outstanding common shares (Note 17. iii).

The contracted consulting services relate to the Company's continued development of smart antenna and smart player technology, which are being developed for the Company's next generation of data metrics gathering capabilities. As at April 30, 2015, all services had been completed and delivered to the Company and recorded as Technology Development Costs of $310,000 (April 30, 2014 - $150,000).

9. Segmented Information

The Company's operations fall into one business segment, namely the providing of location-based interactive proximity advertising. The Company considers that its revenue and accounts receivable fall into one geographic area-North America.

10. Property and Equipment

	Interactive Media Devices	Furniture and Fixtures	Computer Equipment	Vehicle	Digital Signage Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance April 30, 2013	139,767	31,080	45,565	12,951	632,425	8,733	870,521
Transfer from inventory	1,580	-	-	-	-	-	1,580
Additions	-	-	793	-	15,835	-	16,628
Impairment	(51,203)	-	-	-	-	-	(51,203)
Disposals	-	-	-	(12,951)	-	-	(12,951)
Balance April 30, 2014	90,144	31,080	46,358	-	648,260	8,733	824,575
Disposals	(71,734)	-	-	-	(648,260)	-	(719,994)
Balance April 30, 2015	18,410	31,080	46,358	-	-	8,733	104,581
Accumulated amortization							
Balance April 30, 2013	52,314	3,772	21,452	7,396	632,425	728	718,087
Depreciation	26,315	5,421	12,670	417	3,006	1,746	49,575
Disposals	-	-	-	(7,813)	-	-	(7,813)
Balance April 30, 2014	78,629	9,193	34,122	-	635,431	2,474	759,849
Depreciation	3,455	2,189	3,670	-	12,829	1,747	23,890
Disposals	(71,734)	-	-	-	(648,260)	-	(719,994)
Balance April 30, 2015	10,350	11,382	37,792	-	-	4,221	63,745
Net book value							
Balance April 30, 2014	11,515	21,887	12,236	-	12,829	6,259	64,726
Balance April 30, 2015	8,060	19,698	8,566	-	-	4,512	40,836

11. Intangible Assets

	Internally-generated			Other			
	Technology Development Costs	Data Development Costs	Patents	Trademarks	Digital Signage Contracts POS Data	Deferred Share-based Payment	Total
	$	$	$	$	$	$	$
Cost							
Balance April 30, 2013	237,851	-	10,010	1,350	1,380,000	750,000	2,379,211
Additions	419,550	716,907	40,850	-	-	-	1,177,307
Impairment	-	-	-	-	(380,902)	-	(380,902)
Balance April 30, 2014	657,401	716,907	50,860	1,350	999,098	750,000	3,175,616
Additions	454,611	584,189	17,941	-	-	-	1,056,741
Disposals	-	-	-	-	(999,098)	-	(999,098)
Balance April 30, 2015	1,112,012	1,301,096	68,801	1,350	-	750,000	3,233,259
Accumulated amortization							
Balance April 30, 2013	37,026	-	2,009	510	642,968	168,750	851,263
Amortization (reversal)	(37,026)	-	500	840	356,130	150,000	470,444
Balance April 30, 2014	-	-	2,509	1,350	999,098	318,750	1,321,707
Amortization	-	-	3,440	-	-	150,000	153,440
Disposals	-	-	-	-	(999,098)	-	(999,098)
Balance April 30, 2015	-	-	5,949	1,350	-	468,750	476,049
Net book value							
Balance April 30, 2014	657,401	716,907	48,351	-	-	431,250	1,853,909
Balance April 30, 2015	1,112,012	1,301,096	62,852	-	-	281,250	2,757,210

i) The deferred share-based payment reflects the fair value of 3,000,000 warrants issued on March 21, 2012 in the connection with the VPAN Agreement with Mac's Convenience Stores Inc. and Couche-Tard Inc. (Note 14 d).

12. Bank Indebtedness

The Company has an available operating line of credit of $25,000 (2014 - $25,000), which bears interest at bank prime plus 1.80%. As at April 30, 2015, the Company has utilized $5,200 (2014 - $Nil). The line of credit is secured with a general security agreement covering all the property of the company.

13. Note Payable

On February 24, 2014, the Company entered into a secured $250,000 note with Korona Group Ltd., a shareholder of the Company, at an interest rate of 8% due and payable May 30, 2014. This note payable has settled in the year (Note 17.iv).

On March 13, 2015, the Company entered into a secured $100,000 note with Korona Group Ltd., at an interest rate of 8% compounded monthly, due and payable July 30, 2015 (Notes 17.iv and 20.viii).

14. Share Capital

a. Common Shares

Common shares issued

	[Notes]	Number	Amount
Balance April 30, 2013		68,098,686	$ 8,424,098
Issuance in a private placement	14.a.(i)	9,499,999	1,852,500
Exercise of options	14.a.(ii)	40,000	9,200
Issued in exchange for royalty payments	14.a.(iii)	2,924,448	511,778
Cost of share issuances			(322,550)
Balance April 30, 2014		80,563,133	$ 10,475,026
Issuance in a private placement	14.a.(iv)	108,888	19,600
Issuance in conversion of notes payable	14.a.(v)	9,566,094	181,756
Exercise of options	14.a.(vi)	500,000	75,000
Exercise of warrants	14.a.(vii)	181,516	54,455
Cost of share issuances		-	(11,446)
Balance April 30, 2015		90,919,631	$ 10,794,391

i. During November 2013, the Company completed a private placement of 9,499,999 shares and 9,499,999 whole warrants, at a price of $0.30 for proceeds of $2,850,000 (common share fair value of $1,852,500 and warrant fair value of $997,500) less the cost of issuance for a net cash flow of $2,527,450.
ii. During the year ended April 30, 2014, 40,000 stock options were exercised, for proceeds of $9,200.
iii. In January 2012, the Company signed a five year Virtual Private Advertising Network Agreement ("VPAN Agreement") with Mac's Convenience Stores Inc. and Couche-Tard Inc. ("Couche-Tard") with an effective date of December 16, 2011. The VPAN Agreement granted Couche-Tard the right to exchange either 100% or 50% of its royalty rights into either 2,924,448 or 1,462,224 common shares respectively. In March 2014, Couche-Tard exercised its right to receive 2,924,448 shares in exchange for its full royalty rights for the entire five year agreement. The Company has calculated this exchange based on the share price at the date of Couche-Tard's exercise notice (common share value of $511,778, no warrants); the transaction resulted in a gain on settlement of debt of $426,592 in the year ended April 30, 2014.
iv. During October 2014, the Company completed a private placement of 108,888 shares at a price of $0.18 for proceeds of $19,600 less the cost of issuance for a net cash flow of $18,752.
v. During November 2014, the Company converted Notes payable and related interest into 9,566,094 shares and 9,566,094 warrants, at a price of $0.24 for proceeds of $1,530,575 (common share fair value of $181,756 and warrant fair value of $1,348,819) less the cost of issuance for a net cash flow of $1,519,977.
vi. During the year ended April 30, 2015, 500,000 stock options were exercised, for proceeds of $75,000.
vii. During the year ended April 30, 2015, 181,516 warrants were exercised, for proceeds of $54,455 and an ascribed value of $39,389 (Note 14.d)

14. Share Capital – continued

b. Compensation Based Options

On March 13, 2015, the shareholders of the Company ratified a Stock Option Plan (the "Plan") which is administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding common shares. The Plan is a rolling plan such that the number of shares reserved for issuance will increase as the Company's issued and outstanding common shares increases. Options granted under the Plan are exercisable for a period up to five years, as determined by the Board, from the date of the grant. The exercise price of the options shall be determined by the
Board at the time of the grant, but shall not be less than the Discounted Market Price as set by the TSX Venture Exchange Policy 1.1 as amended from time to time. The options are subject to several vesting periods as outlined in the Plan.

The granting of options is subject to the following conditions: (a) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders; (b) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders or issued to insiders within any one year period; (c) not more than 5% of the issued and outstanding common shares may be granted to any one individual in a one year period; (d) not more than 2% of the issued and outstanding common shares may be granted to any one consultant in any one year period; and (e) not more than an aggregate 2% of the issued and outstanding issued and outstanding common shares may be granted to an employee conducting investor relations activities in any one year period.

c. Stock Options

A summary of the stock options outstanding and exercisable under the plan as of April 30, 2015 and 2014 and changes during the periods are as follows:

	[Notes]	Options	Weighted Price
Options outstanding at April 30, 2013		4,628,333	$ 0.29
Granted		5,975,000	0.20
Exercised	14.a.(ii)	(40,000)	0.23
Cancelled		(2,675,000)	0.30
Options outstanding at April 30, 2014		7,888,333	$ 0.22
Granted		550,000	0.21
Exercised	14.a.(vi)	(500,000)	0.15
Cancelled		(948,333)	(0.26)
Options outstanding at April 30, 2015		6,990,000	$ 0.22

14. Share Capital – continued

c. Stock Options - continued

		Options	Weighted Price
Options exercisable at April 30, 2013		3,765,829	$ 0.30
Vested during the period		2,979,172	0.22
Cancelled during the period		(2,162,499)	0.30
Exercised during the year	14.a.(ii)	(40,000)	0.23
Options exercisable at April 30, 2014		4,542,502	$ 0.25
Vested during the period		2,762,502	0.21
Cancelled		(948,333)	0.26
Exercised during the period	14.a.(vi)	(500,000)	0.15
Options exercisable at April 30, 2015		5,856,671	$ 0.24

The following table summarizes additional disclosures on the stock options outstanding at April 30, 2015:

	Options Outstanding		**Options Exercisable**				
Exercise Price	**Number Outstanding**	**Remaining Average Life (Mths)**	**Number Outstandin g**	**Remaining Average Life (Mths)**	**Fair Value at Time of Issue Not yet Expired**	**Expensed to 30-Apr-15**	**Not Expensed at 30-Apr-15**
$ 0.250	125,000	11.0	125,000	11.0	$ 29,875	$ 29,875	$ -
0.400	250,000	12.0	250,000	12.0	97,250	97,250	-
0.450	200,000	12.5	200,000	12.5	87,800	87,800	-
0.310	100,000	19.0	100,000	19.0	28,400	28,400	-
0.230	290,000	20.5	290,000	20.5	144,500	144,500	-
0.205	500,000	38.5	333,334	38.5	102,000	68,000	34,000
0.150	1,000,000	43.0	500,002	43.0	240,000	160,000	80,000
0.200	2,575,000	43.5	2,575,000	43.5	473,800	473,800	-
0.195	50,000	46.0	16,667	46.0	9,750	6,500	3,250
0.235	100,000	47.0	33,334	47.0	23,400	15,600	7,800
0.260	1,250,000	47.0	1,250,000	47.0	317,500	317,500	-
0.235	250,000	51.0	83,334	51.0	58,750	19,583	39,167
0.180	300,000	60.0	100,000	60.0	49,500	16,500	33,000
	6,990,000		5,856,671		$ 1,662,525	$ 1,465,308	$ 197,217

14. Share Capital – continued

c. Stock Options – continued

During the year ended April 30, 2015 the Company recognized $556,783 in stock-based compensation expense to directors, employees and consultants (2014 - $590,850) under general and administrative expenses. The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate 0.92% to 1.52% (2014 – 1.65% to 1.83%); expected dividend yield of $Nil (2014 - $Nil); estimated volatility of 472.8% to 498.3% (2014 – 364.3% to 380.8%) and an expected option life of two and a half years (2014 – two and a half years).

d. Warrants

	[Notes]	Warrants Number		Amount
Balance April 30, 2013		14,213,444	$	3,454,266
Issuance in a private placement	14.a.(i)	9,499,999		997,500
Expiry of warrants	14.d.(i)	(4,147,228)		(1,459,824)
Balance April 30, 2014		19,566,215	$	2,991,942
Issuance in a private placement	14.a.(v)	9,566,094		1,348,819
Exercise of warrants	14.a.(vii)	(181,516)		(39,389)
Expiry of warrants	14.d.(ii)	(5,848,666)		(960,950)
Balance April 30, 2015		23,102,127	$	3,340,422

i. During the year ended April 30, 2014, 4,147,228 warrants valued at $1,459,824 expired without being exercised and were transferred to contributed surplus.
ii. During the year ended April 30, 2015, 5,848,666 warrants valued at $960,650 expired without being exercised and were transferred to contributed surplus

The following tables summarize information about stock warrants outstanding at April 30, 2015:

Issued		Number		Weighted Average Exercise Price	Expiry Date
26-Nov-10		50,000	$	0.30	25-Aug-15
30-Nov-10		321,084		0.30	25-Aug-15
30-Dec-10		664,950		0.30	25-Aug-15
23-Mar-12	(Note 11.i)	3,000,000		0.50	23-Mar-17
07-Nov-13		9,499,999		0.45	07-Nov-15
11-Nov-14		9,566,094		0.24	11-Nov-16
Balance April 30, 2015		23,102,127	$	0.36	

14. Share Capital – continued

d. Warrants – continued

Summary:

Number of Warrants Outstanding	Weighted Average Exercise Price		Weighted Average Remaining Life (months)
1,036,034	$	0.30	4.0
3,000,000		0.50	35.0
9,499,999		0.45	10.5
9,566,094		0.24	18.5
23,102,127	$	0.36	

15. Contributed Surplus

Contributed surplus resulted from the following:

	[Notes]		Amount
Balance at April 30, 2013		$	2,604,799
Amounts resulting from share-based compensation	14.c.		590,850
Ascribed value of expired warrants	14.d.(i)		1,459,824
Balance at April 30, 2014		$	4,655,473
Amounts resulting from share-based compensation	14.c.		556,783
Ascribed value of exercised warrants	14.a.(vii)		39,389
Ascribed value of expired warrants	14.d.(ii)		960,950
Balance at April 30, 2015		$	6,212,595

16. Income Taxes

A reconciliation of the differences between the statutory Canadian income tax expense (benefit) and the Company's effective tax expense (benefit) at April 30, 2015 and 2014 is as follows:

	For the year ended April 30	
	2015	**2014**
Loss before income taxes	(1,747,405)	(2,857,658)
Canadian statutory tax rates	26.5%	26.5%
Statutory income tax rates applied to accounting losses	(463,062)	(757,279)
Increase in income taxes result from:		
Permanent differences	41,894	135,449
Temporary differences	(320,905)	33,918
	(742,073)	(587,912)
Allowance for non-recognition of tax losses	742,073	587,912
Change in deferred tax	-	433,005
Recovery of deferred tax	-	433,005

16. Income Taxes – continued

Deferred taxes are classified as non-current. The tax effects of temporary differences at April 30, 2015 and 2014, are as follows:

	2015	2014
Property and equipment	$ 119,122	$ 785,475
Intangibles assets	(730,661)	(491,285)
Non-capital loss carry-forwards	9,334,927	2,893,131
Cumulative eligible capital	1,456	1,951
Finance costs	69,007	105,811
Deferred tax asset not recognized	(8,793,851)	(3,295,083)
Deferred tax liability	$ -	$ -
Deferred tax liability, beginning of year	$ -	$ (433,005)
Deferred tax liability, end of year	-	-
Provision for Recovery of Income Tax	$ -	$ (433,005)

As at April 30, 2015, the Company had non-capital losses available to reduce future taxable income that expire as follows:

2015	$ 1,543,454
2026	1,833,085
2027	3,343,781
2028	5,298,742
2029	4,872,812
2030	2,684,693
2031	4,608,880
2032	3,090,948
2033	3,115,622
2034	2,033,845
2035	2,800,279
	$ 35,226,141

The Company's subsidiary Pinpoint Commerce Inc. has cumulative non-capital tax losses reported in their pre-acquisition corporate tax returns. The subsidiary is deficient in filing certain pre-acquisition and current tax returns subsequent to the acquisition, which the Company will rectify forthwith. These periods have accounting losses and as a result will also have losses for tax purposes. Until the Company can obtain a determination of losses confirmed by Canada Revenue Agency, the losses are not disclosed in its financial statements. As of the year ended April 30, 2015, the deferred tax asset that would result from these cumulative tax losses would be 100% reserved because there is no certainty the tax loss would be realized against future income taxes otherwise owing.

17. Related Party Transactions and Balances

All related party transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by both parties. In the normal course of operations, the Company:

i. Paid the fees of the Chief Executive Officer to a company owned by him. During the year ended April 30, 2015, the Company paid fees totaling $196,720 (April 30, 2014 – $196,200) and fixed allowance of $16,720 (April 30, 2014 – $16,200). In fiscal 2015, $88,550 (2014- $63,710) of these fees and expenses were capitalized to Data Development Costs and $9,810 (2014 – $42,480) were capitalized to Patents. The amount outstanding in trade accounts payable at April 30, 2015 was $45,148 (April 30, 2014 - $Nil). In the event of termination of this agreement for any reason other than just cause, a penalty of $180,000 would be owing. In addition, the Company accrued a monthly salary directly to the CEO for his services in connection with its US operations based out of the Company's office in Florida USA of $6,000 US per month amounting to $84,117 Cdn. for the 2015 year (2014 - $76,549 Cdn.). At April 30, 2015, $156,335 Cdn. is unpaid and included in accounts payable and accrued liabilities (April 30, 2014 - $61,167 Cdn.).

ii. Paid the fees of the Chief Financial Officer to a company controlled by him. During the year ended April 30, 2015, the Company expensed fees totaling $53,905 (April 30, 2014 - $13,500). The amount outstanding in trade accounts payable at April 30, 2015 was $33,793 (April 30, 2014 - $11,865).

iii. During the year ended April 30, 2014, entered into and paid a $460,000 contract for technical services with a private corporation controlled by an individual who also controls a corporation that participated in the Company's private placement (Notes 8, 14 a.(i) and 14.a.(v)). The controlling individual is considered to be an insider of the Company due to ownership in excess of 10% of the common shares of the Company.

iv. On February 24, 2014 the Company entered into a secured $250,000 note with Korona Group Ltd., a shareholder of the Company at an interest rate of 8% due and payable May 30, 2014.

   During the year, the same lender advanced an additional $100,000, under the same terms and conditions. As of July 25, 2014 accrued interest on the outstanding balance of $350,000 was $8,636. Further, the lender advanced an additional $241,364 on July 25, 2014. The Company signed a new demand promissory note payable to Korona Group Ltd. in the amount of $600,000 that would constitute full payment of the initial advances and interest. This note carried interest at 8%, convertible for three months from the date of issue into units consisting of one common share of the company and one common share purchase warrant. (Notes 13 and 17.vi.)

   On July 25, 2014, the Company issued two demand promissory notes in the amount of $900,000, at an interest rate of 8%, convertible for three months from the date of issue into units consisting of one common share of the company and one common share purchase warrant.

   On November 11, 2014, at the option of the lenders, the Company converted these notes and the accrued interest of $30,575 into units consisting of one common share priced at $0.16 per share and one common share purchase warrant, exercisable into one common share of the Company at an exercise price of $0.24 per share for a period of two years (Notes 14.a.(v) and 17.iv).

   On March 13, 2015, the Company entered into a secured $100,000 note with Korona Group Ltd., at an interest rate of 8% compounded monthly, due and payable July 30, 2015 (Notes 13 and 20.viii).

v. Paid directors fees of $205,000 (April 30, 2014 – $90,380). Included in accounts payable and accrued liabilities are unpaid directors fees at April 30, 2015 of $240,500 (April 30, 2014 – $80,380).

17. Related Party Transactions and Balances – continued

vi. Contracted with QDAC Inc., a company under the significant influence of an insider of the Company, to undertake technology development. During the year ended April 30, 2015, development costs of $39,000 (April 30, 2014 – $170,000) were capitalized to Technology Development Costs. The Company also contracted with QDAC Inc., to undertake the manufacture of the Company's hardware. During the year ended April 30, 2015, the Company took delivery of Smart Antenna inventory valued at $950,650 (April 30, 2014 - $59,744).

The amount outstanding in trade accounts payable at April 30, 2015 was $629,089 (April 30, 2014 - $259,610).

vii. Paid the fees of the Project and Business Development Manager to a company owned by a person related to the Chief Executive Officer. During the year ended April 30, 2015 the Company expensed fees totaling $Nil (April 30, 2014 - $27,136). The amount outstanding in trade accounts payable at April 30, 2015 was $Nil (April 30, 2013 - $2,730).

viii. Paid the fees of the former Chief Financial Officer to a company controlled by him. During the year ended April 30, 2015, the Company expensed fees totaling $Nil (April 30, 2014 - $18,000). The amount outstanding in trade accounts payable at April 30, 2015 was $Nil (April 30, 2014 - $Nil).

ix. Engaged a law firm to provide legal services to the Company of which one of the partners in the law firm is a former director and secretary of the Company. During the year ended April 30, 2015, the Company expensed legal fees and disbursements totaling $Nil (April 30, 2014 - $41,308). The amount outstanding in trade accounts payable at April 30, 2015 was $Nil (April 30, 2014 - $15,812).

x. Incurred share-based compensation relating to stock options granted to the board, based upon the vesting of stock options granted. During the year ended April 30, 2015, the Company expensed non-cash costs of $388,750 (April 30, 2014 - $388,750).

xi. Compensation of key management personnel and board of directors:

		2015		2014
Wages and director fees	$	523,022	$	286,249
Benefits		16,720		16,200
Share based compensation (non-cash)		388,750		388,750
	$	928,492	$	691,199

xii. Included in accounts payable and accrued liabilities is a cash advance of $40,000 (April 30, 2014 – nil) from the CEO. This cash advance is non-interest bearing and represents funds towards the private placement that closed in May 2015. (Note 20. i)

18. Loss per Share

Basic loss per share is calculated on the basis of the weighted average number of common shares outstanding for the period, which, for the twelve month period ended April 30, 2015, amounted to 85,281,055 (April 30, 2014 – 76,706,065). For the periods presented, all stock options and warrants are anti-dilutive, therefore diluted loss per share is equal to the basic loss per share.

18. Loss per Share – continued

The following instruments have been excluded from the diluted earnings per share as these instruments are anti-dilutive:

	For the year ended April 30	
	2015	**2014**
Stock options	6,990,000	7,888,333
Warrants	23,102,127	19,566,215
	30,092,127	27,454,548

19. Financial Instruments and Risk Management

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. When the independent prices are not available, fair values are determined using valuation techniques that refer to observable market data.

These techniques include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, and other valuation techniques commonly used by market participants

Fair value

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

i. The carrying amounts of cash, restricted cash, accounts receivable, other receivables, bank indebtedness, accounts payable and accrued liabilities and note payable approximate fair value due to the short-term maturity of these financial instruments.

ii. Cash and restricted cash have been valued using a level 1 fair value hierarchy. The Company’s other financial instruments are level 2 in the fair value hierarchy.

Credit risk

Credit risk is the risk of financial loss associated with the counterparty’s inability to fulfill its payment obligations in accordance with the terms and conditions of its contract with the Company. Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables.

The Company’s credit risk arises primarily from the Company’s trade receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company. The Company’s exposure to trade credit risk as at April 30, 2015 was $5,606 (April 30, 2014 - $53,075) net of allowances.

The Company may also have credit risk relating to cash and restricted cash, of $6,443 and $17,000 (2014 - $133,802 and $17,000), respectively, which it manages by dealing with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting its obligations that are associated with financial liabilities. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity

19. Financial Instruments and Risk Management – continued

Liquidity risk – continued

to meet financial obligations when they fall due, from its funding sources, such as equity and debt issuances. The Company continues to actively pursue new equity financing to ensure that it will have funds available to meet liabilities when they fall due. The following table represents the Company's financial liabilities identified by type and future contractual dates of payment:

	Total	Under 1 Year	1 – 3 Years	After 3 Years
Bank indebtedness	$ 5,200	$ 5,200	$ -	$ -
Trade accounts payable and accrued liabilities	1,899,705	1,899,705	-	-
Note payable	100,000	100,000	-	-
Asset retirement obligations	99,400	99,400		
	$ 2,104,305	$ 2,104,305	$ -	$ -

20. Subsequent Events

i. On May 7, 2015 the Company completed a private placement of $122,000 with its Chief Executive Officer and Chief Financial Officer by issuing 677,777 units at a price of $0.18 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.27 for a period of 24 months from the date of issue.
ii. On May 7, 2015, the Company issued a secured convertible promissory note in the amount of $360,000, due May 7, 2016 and bearing an interest rate of 10%, to a company controlled by two shareholders, both of whom are considered to be insiders of the Company due to ownership in excess of 10% of the common shares of the Company.
iii. On May 12, 2015, the Company issued 133,333 common shares to complete a stock option exercise.
iv. On June 3, 2015 the Company completed a private placement of $100,000 with its Chief Executive Officer by issuing 500,000 units at a price of $0.20 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.30 for a period of 24 months from the date of issue.
v. On June 5, 2015 the Company completed a private placement of $400,000 by issuing 2,000,000 units at a price of $0.20 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.30 for a period of 24 months from the date of issue.
vi. On July 10, 2015, the Company completed an Asset Purchase Agreement to buy the assets of Graphic Media, Inc. and Engage Mobile Media Solutions LLC by issuance of 10 million common shares in the Company. The Company is evaluating the financial effects on the acquisition and an estimate cannot be made.
vii. On June 15, 2015, the Company issued 1.25 million stock options in total to directors and officers at an exercise price of $0.26 per shares. The options have a five year term and have vesting restrictions.
viii. On June 29, 2015, the Company repaid $40,000 against the outstanding note payable of $100,000. The balance of the note is due July 30, 2015 (Note 13); the Company is currently having discussions with the note holder regarding the repayment terms.

21. Commitments and Contingencies

Rental and operating leases

The Company currently has lease arrangements for a car lease and the rental of its offices in Richmond Hill, Ontario, Canada and Clearwater, Florida, United States. The minimum annual lease payments under annual rental and operating leases exclusive of operating costs, are as follows:

		Amount
Fiscal 2016	$	49,259
Fiscal 2017		34,822
Fiscal 2018		12,762
	$	96,843

Contingencies and provisions

From time to time, the Company enters into software licensing agreements with a client/business partners whereby the Company has agreed to indemnify the counterparties for liabilities that may arise during the terms of the agreements. The maximum amount of any potential future payment cannot be reasonably estimated and it is not practicable to estimate the financial effects on its consolidated financial statements.

In the ordinary course of business the Company and its subsidiaries are involved in legal claims and counter claims, as defendants or plaintiffs. The Company has evaluated its legal actions and has estimated potential settlements and legal costs based on the current information and have accrued a provision based on management's estimate of potential outcomes. It is management's opinion that any additional liability to the Company that may arise from these matters will not have a material effect upon the operating results, financial position or cash flows of the Company.

In the ordinary course of business the Company estimates provisions for future obligations to install equipment that has no scheduled installation date.

22. Net Change in Non-Cash Working Capital

	For the year ended April 30			
		2015		2014
Net change in non-cash working capital balances:				
Accounts receivable	$	47,469	$	158,848
Other receivable		7,310		91,823
Sales taxes recoverable		121,753		(100,272)
Inventories		(922,619)		(54,694)
Prepaid expenses and deposits		373,960		(41,899)
Accounts payable and accrued liabilities		1,129,713		(444,324)
Provisions		(197,562)		(22,207)
Asset retirement obligations		(68,495)		-
Deferred revenue		(76,453)		(14,894)
	$	415,076	$	(427,619)

23. Selling and Marketing

	For the year ended April 30					
		2015			2014	
Travel, tradeshows and promotional	$	3,192	6.2%	$	21,820	3.4%
Royalties		15,316	29.9%		424,998	68.7%
Third party commissions		15,204	29.6%		140,295	22.7%
Salaries		-	-		-	0.0%
Benefits		-	-		-	0.0%
Contractual services		16,750	32.6%		30,744	5.0%
Other		877	1.7%		906	0.2%
Total - Selling and marketing	$	51,339	100.0 %	$	618,763	100.0%

24. General and Administration

	For the year ended April 30					
		2015			2014	
Salaries	$	89,428	5.9%	$	75,705	4.7%
Benefits		8,371	0.5%		7,514	0.5%
Contractual services		265,370	17.4%		264,699	16.8%
Share-based compensation		556,783	36.6%		590,850	37.6%
Travel and auto		11,490	0.8%		24,340	1.6%
Office costs		83,832	5.5%		70,246	4.5%
Occupancy and operating costs		58,039	3.8%		44,180	2.8%
Professional		180,360	11.9%		241,994	15.4%
Consulting		149,685	9.8%		192,033	12.2%
Directors' fees		205,000	13.5%		90,380	5.7%
Other income		(86,812)	(5.7%)		(28,537)	(1.8%)
Total - General and administration	$	1,521,546	100.0	$	1,573,404	100.0%

25. Capital Management

The Company has adopted a financial concept of capital whereby capital is considered to be synonymous with the net assets or equity of the Company. When managing its capital the Company seeks to ensure it has sufficient liquidity to pursue its strategy for organic growth in combination with strategic acquisitions, in order to provide competitive returns for its shareholders.

The total of its shareholders' equity was as follows:

For the year ended April 30			
	2015		2014
$	1,844,775	$	1,367,213

25. Capital Management – continued

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, convertible debentures, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business which may include various acquisition proposals, as well as capital and operating budgets. The Company is not subject to any externally imposed capital requirements.