MIDPOINT HOLDINGS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2015

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Independent Auditors' Report

To the Shareholders of Midpoint Holdings Ltd.:

We have audited the accompanying consolidated financial statements of Midpoint Holdings Ltd., which comprise the consolidated statements of financial position as at June 30, 2015 and 2014, and the consolidated statements of operations and comprehensive loss, cash flows, and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained 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 Midpoint Holdings Ltd. as at June 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Midpoint Holdings Ltd.'s ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 28, 2015

MIDPOINT HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2015 AND 2014
(Expressed in Canadian dollars)

	June 30, 2015	**June 30, 2014**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 3)	**$ 382,332**	$ 900,386
Prepaid expenses	**26,703**	2,085
Share subscriptions receivable (note 6)	**99,900**	-
Total current assets	**508,935**	902,471
EQUIPMENT (note 4)	**2,763**	3,781
INTANGIBLES (note 5)	**571,029**	360,002
TOTAL ASSETS	**$ 1,082,727**	$ 1,266,254
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	**$ 460,934**	$ 360,245
SHAREHOLDERS' EQUITY		
Share capital (note 6)	**10,370,309**	9,594,018
Contributed surplus	**627,974**	223,556
Warrants and options reserves (note 7)	**375,000**	554,418
Accumulated deficit	**(10,319,594)**	(9,052,288)
Accumulative other comprehensive loss	**(431,896)**	(413,695)
Total shareholders' equity	**621,793**	906,009
	$ 1,082,727	$ 1,266,254

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

Nature of operations and going concern (note 1)

On behalf of the Board:

Signed: "Corbin Comishin"
Director

Signed: "John Booth"
Director

MIDPOINT HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Expressed in Canadian dollars)

	June 30, 2015	June 30, 2014
REVENUE	**$ 158,068**	$ 49,698
COST OF SALES	**130,865**	32,069
GROSS MARGIN	**27,203**	17,629
EXPENSES		
Wages (note 8)	**601,869**	465,685
Marketing	**242,567**	242,451
Professional and consulting fees (note 8)	**212,376**	324,282
Rent	**67,724**	46,528
Filing fees and transfer fees	**33,031**	28,798
General and administrative expenses	**15,453**	8,278
Website operating costs	**6,486**	17,861
Share-based compensation (notes 7 and 8)	**-**	150,000
Foreign exchange loss	**3,227**	24,517
Depreciation and amortization (notes 4 and 5)	**112,216**	68,469
Interest income	**(440)**	(4,773)
Total expenses	**1,294,509**	1,372,096
NET LOSS FOR THE YEAR	**(1,267,306)**	(1,354,467)
ITEMS THAT WILL SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
Foreign currency translation adjustment	**(18,201)**	(76,714)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ (1,285,507)**	$ (1,431,181)
Basic and diluted weighted average shares outstanding	**54,715,868**	51,859,160
Basic and diluted net loss per share	**$ (0.023)**	$ (0.026)

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

MIDPOINT HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Expressed in Canadian dollars)

	June 30, 2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**$ (1,267,306)**	$ (1,354,467)
Items not affecting cash		
Depreciation and amortization	**112,216**	68,469
Share-based compensation	**-**	150,000
	(1,155,090)	(1,135,998)
Net changes in non-cash working capital items relating to operating activities:		
Accounts receivable and prepaid expenses	**(23,204)**	3,610
Accounts payable and accrued liabilities	**74,139**	31,890
Net cash used in operating activities	**(1,104,155)**	(1,100,498)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common shares (note 6)	**901,391**	-
Net cash provided by financing activities	**901,391**	-
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of equipment	**(988)**	(4,011)
Acquisitions of intangible assets	**(320,985)**	(302,878)
Cash used in investing activities	**(321,973)**	(306,889)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(524,737)**	(1,407,387)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**900,386**	2,368,700
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	**6,683**	(60,927)
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 382,332**	$ 900,386

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

MIDPOINT HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Expressed in Canadian dollars)

	Number of Shares Issued	Amount	Contributed Surplus	Warrants and Options Reserve	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
Balance June 30, 2013	**51,859,160**	**$ 9,594,018**	**$ 223,556**	**$ 404,418**	**$ (7,697,821)**	**$ (336,981)**	**$ 2,187,190**
Share-based compensation	-	-	-	150,000	-	-	150,000
Net loss for the year	-	-		-	(1,354,467)	(76,714)	(1,431,181)
Balance June 30, 2014	**51,859,160**	**$ 9,594,018**	**$ 223,556**	**$ 554,418**	**$ (9,052,288)**	**$ (413,695)**	**$ 906,009**
Private placement (note 6 (i))	6,200,000	488,700	-	131,300	-	-	620,000
Issuance costs (note 6 (i))	-	(12,429)	-	-	-	-	(12,429)
Private placement (note 6 (ii))	2,235,422	308,676	-	93,700	-	-	402,376
Issuance costs (note 6 (ii))	-	(8,656)	-	-	-	-	(8,656)
Expired warrants	-	-	404,418	(404,418)	-	-	-
Net loss for the year	-	-	-	-	(1,267,306)	(18,201)	(1,285,507)
Balance June 30, 2015	**60,294,582**	**$ 10,370,309**	**$ 627,974**	**$ 375,000**	**$ (10,307,594)**	**$ (431,896)**	**$ 621,793**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Midpoint Holdings Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company was to negotiate an acquisition or participation in a business subject to acceptance by regulatory authorities and, in certain cases, shareholder approval (the "Qualifying Transaction") which it completed on April 11, 2012.

The Company now operates through its wholly owned subsidiary in the United Kingdom, Midpoint & Transfer Ltd. ("MPNT"). Its business is a web based enterprise that matches buyers and sellers of foreign currency and transfers the funds to their desired location through an intermediary third party payment provider. The Company receives fees from all parties for matching the currency exchanges and transferring the funds.

The Company’s head office is 130 King Street West, Suite 3680, Toronto, Ontario M5X 1B1.

Going concern

The ability of the Company to obtain necessary financing to market its platform, fund unmatched trades and recover administrative expenses is uncertain. The ability of the Company to generate revenue to offset the expenses and obtain profitability is also uncertain. The Company had a net loss of $1,267,306 for the year ended June 30, 2015 (2014 - $1,354,467). The Company will require additional financing from time to time, which it intends to obtain through the issuances of common shares. While the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

As of June 30, 2015, the Company had cash and cash equivalents of $382,332 (representing a decrease of $518,054 from June 30, 2014).

As of June 30, 2015, the Company had positive working capital of $48,001 as compared to positive working capital of $542,226 as at June 30, 2014.

The Company plans to manage future liquidity risk by generating cash flow from operations and limiting expenses until the operations are profitable. If required, further financing can be sought.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and principles of consolidation

The Company has prepared these consolidated financial statements and the notes thereto in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. They are presented in Canadian dollars.

The consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. The consolidated financial statements include the Company’s wholly owned subsidiary, MPNT. All significant intercompany accounts and transactions have been eliminated as a result of consolidation. These consolidated financial statements were approved and authorized by the Board of Directors of the Company on October 27, 2015.

Revenue

The Company recognizes revenue on the services provided for matching buyers and sellers of foreign currency exchanges and transferring funds through an intermediary third party payment provider. The Company receives fees from both parties for each matched trade. Revenue is recognized when the trade is completed.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currency translation

i) Functional and presentation currency

The consolidated financial statements of the Company are presented in Canadian dollars. The Canadian dollar is the functional currency of Midpoint Holdings Inc. The functional currency of MPNT is the British pound.

Translation gains or losses resulting from the translation of the financial statements of MPNT into Canadian dollars are recorded in other comprehensive (loss) income.

ii) Translation and balances

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the end of the reporting period. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in the functional currency are recorded in profit or loss.

Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The key area of estimation is the valuation of intangible assets.

The determination as to the existence and measurement of any impairment requires management to make significant estimates and assumptions, which includes estimated future cash flows, discount rates and estimated useful life. These significant estimates and judgments could impact the Company’s future results if the current estimates of future performance and fair value change. This could affect the amount of amortization expense and any impairment charges on intangible assets in future periods.

Operating segments

The Company operates principally in the United Kingdom with some corporate administration functions performed in Canada. It is management's opinion that the Company operates in a single reportable operating segment because the Company's operations are maintained at the U.K. office.

Equipment

The Company records equipment at cost less accumulated depreciation and accumulated impairment losses. It recognizes depreciation to expense the cost of assets (less their residual values) over their useful lives, using the following methods and rates:

Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	3 years

The Company reviews the estimated useful lives, residual values and depreciation method at each year end, accounting for the effect of any changes in estimate on a prospective basis. The gain or loss arising on disposing of or retiring an item of equipment is determined as the difference between the sales proceeds and the asset’s carrying amount and is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets

The Company follows IAS 38 which details the accounting treatment of intangible assets.

Internally generated intangible assets

Software development

Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during the development can be reliably measured.

Costs that qualify for capitalization include both internal and external costs. These costs are amortized over their remaining useful lives estimated at 4.75 years (2014 – 3.17 years). Residual values are reviewed at the end of each reporting period and adjusted if appropriate. During the year, management revised the estimated useful life of its software to coincide with the expiry of its patents in March 2020.

Externally generated intangible assets

Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The amortization method, estimated useful lives and residual values are reviewed each financial year-end or more frequently if required, and are adjusted as appropriate.

Patents

Patents are stated at cost, which primarily consist of legal costs in relation to their applications. Patents are amortized using the straight-line method over the estimated useful life. Patents expire in March 2020.

Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual CGU's, or otherwise allocates them to the smallest group of CGU's for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate reflecting 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.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of long-lived assets - continued

If an asset or CGU's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, recognizing an impairment loss immediately in profit or loss. During the year ended June 30, 2015, the Company did not identify indicators of impairment with respect to its patents and software and therefore did not recognize an impairment loss.

Deferred taxes

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

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss, in other comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow the asset to be recovered.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments - continued

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that future cash flows from a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities:

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

The Company classifies other financial liabilities consisting of accounts payables and loans and borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

The Company’s financial instruments consist of the following:

Financial assets:	*Classification:*
Cash and cash equivalents	Loans and receivables
Share subscriptions receivable	Loans and receivables
Financial liabilities:	*Classification:*
Accounts payable	Other financial liabilities

The Corporation classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

• Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

• Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

• Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The fair value of all of the Company’s financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments - continued

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Financial instruments that could expose the Company to credit risk are primarily cash and cash equivalents and subscription receivable. The Company has deposited its cash in financial institutions with good reputations, and management considers the risk of losses to be negligible.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently has no significant exposure to interest rate risk.

Foreign exchange risk

The Company is exposed to currency risk as the Company has transactions through its United Kingdom subsidiary in currencies other than Great British pounds (GBP). The Company is exposed to foreign exchange risk on a portion of its cash and to the amounts due from the United Kingdom subsidiary to the Canadian parent company. However, it is management's belief that the Company did not have significant exposure to foreign exchange risk for the years ended June 30, 2015 and 2014.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. The Company had cash and cash equivalents of $382,332 as at June 30, 2015 (2014 - $900,386) to satisfy current liabilities of $460,934 (2014 - $360,245).

Stock-based compensation

The Company has in effect a share option plan ("the Plan"), which allows Company employees, directors and officers to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Loss per share information

The Company computes basic loss per share by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted earnings (loss) per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities or contracts that entitle their holders to obtain common shares in the future and is calculated using the treasury stock method. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

New accounting standards and interpretations issued but not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC; 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 impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 – Revenue from Contracts with Customers was issued in May 2014 and applies to an annual reporting period beginning on or after January 1, 2018. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

3. CASH AND CASH EQUIVALENTS

At June 30, 2015 the Company had cash and cash equivalents of $382,332 (2014 - $900,386). The Company maintains cash in various banks in Canada and the United Kingdom. The balances in cash and cash equivalents are comprised as follows:

	June 30, 2015	June 30, 2014
Cash	**$ 81,632**	$ 890,386
Funds held in trust	**290,700**	-
Cashable GIC	**10,000**	10,000
	$ 382,332	**$** 900,386

As at June 30, 2015 the Company held $10,000 in Cashable Guaranteed Investment Certificates (GICs) (2014 - $10,000). The full amount is invested in a single GIC with an interest rate of 0.8% and a maturity date of September 3, 2015 (2014 – 0.8%). Additionally, $290,700 (2014 - $Nil) were held in trust related to the private placement that took place on June 30, 2015 as described in note 6(ii).

(Expressed in Canadian dollars)

4. EQUIPMENT

The Company did not have any indications of impairment for its equipment. Equipment consists entirely of computers.

	June 30, 2015	June 30, 2014
Cost		
Balance, at beginning of year	**$ 5,645**	$ 1,712
Additions	**988**	3,933
Effect of changes in foreign exchange rates	**482**	-
Balance, at end of year	**7,115**	5,645
Accumulated Depreciation		
Balance, at beginning of year	**1,864**	471
Depreciation for year	**2,258**	1,393
Effect of changes in foreign exchange rates	**230**	-
Balance, at end of year	**4,352**	1,864
Net Book Value	**$ 2,763**	$ 3,781

5. INTANGIBLES

The Company did not have any indications of impairment for its intangible assets.

	June 30, 2015	June 30, 2014
Patents:		
Cost		
Balance, at beginning of year	**$ 220,729**	$ 220,729
Balance, at end of year	**220,729**	220,729
Accumulated Amortization		
Balance, at beginning of year	**160,027**	137,955
Amortization for year	**10,712**	22,072
Balance, at end of year	**170,739**	160,027
Net Book Value	**$ 49,990**	$ 60,702

(Expressed in Canadian dollars)

5. INTANGIBLES - continued

	June 30, 2015	June 30, 2014
Software		
Cost		
Balance, at beginning of year	**$ 346,863**	$ 44,155
Additions	**320,985**	302,708
Balance, at end of year	**667,848**	346,863
Accumulated Amortization		
Balance, at beginning of year	**47,563**	3,104
Amortization for year	**99,246**	44,459
Balance, at end of year	**146,809**	47,563
Net Book Value	**521,039**	299,300
Total Net Intangibles	**$ 571,029**	$ 360,002

6. SHARE CAPITAL

Authorized Share Capital

As at June 30, 2015 and 2014, the Company had authorized unlimited common shares.

Equity Activity

A summary of share transactions is as follows:

(i) On December 31, 2014 and January 30, 2015, the Company completed two tranches of a private placement for a total of 6,200,000 units at a price of $0.10 per unit for total proceeds of $620,000. Each unit comprises one common share and one half of one common share purchase warrant exercisable at $0.20 for 24 months from closing.

Share issue costs of $12,429 were incurred.

The net proceeds from the financing were allocated proportionally based on the fair value of one common share (78.8%) and the fair value of one half of one common share purchase warrant (21.2%).

The fair value of the common share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: share price - $0.10; exercise price - $0.20; expected life – 24 months; annualized volatility – 120%; quarterly dividend yield – 0%; risk-free rate – 1.010%.

3,475,430 units closed on December 31, 2014 and 2,724,570 units closed on January 30, 2015.

(ii) On June 30, 2015 the Company completed a private placement for a total of 2,235,422 units at a price of $0.18 per unit for total proceeds of $402,376. Each unit comprises one common share and one half of one common share purchase warrant exercisable at $0.30 for 24 months from closing.

Share issue costs of $8,656 were incurred. As at June 30, 2015, $290,700 of the proceeds had been collected and was being held in the lawyer’s trust account and $99,000 of the proceeds had not been collected and the respective units were held in trust; $81,000 was collected subsequently and $18,900 remains outstanding.

The net proceeds from the financing were allocated proportionally based on the fair value of one common share (76.7%) and the fair value of one half of one common share purchase warrant (23.3%).

The fair value of the common share purchase warrants was estimated using the Black Scholes option pricing model and the following weighted average assumptions: share price - $0.20; exercise price - $0.30; expected life – 24 months; annualized volatility – 143%; quarterly dividend yield – 0%; risk-free rate – 1.010%.

(Expressed in Canadian dollars)

7. WARRANTS AND OPTIONS RESERVE

Warrants

The following table summarizes the Company's warrant activity:

	Number	Weighted Average Exercise Price
Outstanding June 30, 2013 and 2014	6,180,000	$ 0.50
Issued with private placements (notes 6 (i and ii))	4,217,711	$ 0.23
Expired	(6,180,000)	$ 0.50
Outstanding, June 30, 2015	**4,217,711**	**$ 0.23**

The balance of outstanding and exercisable share purchase warrants at June 30, 2015 is as follows:

Grant date	Expiry Date	Number of Warrants	Exercise Price
December 31, 2014	December 31, 2016	1,737,715	$ 0.20
January 30, 2015	January 30, 2017	1,362,285	$ 0.20
June 30, 2015	June 30, 2017	1,117,711	$ 0.30
		4,217,711	**$ 0.23**

Options

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire common shares of the Company to directors, officers, consultants and other key employees of the Company. The number of common shares subject to options granted under the Plan are limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the option.

On March 17, 2014, the Company granted 1,820,000 stock options to the directors and officers of the Company, vesting immediately, with each option exercisable on or before the expiry of five years from the date of grant, at a price of $0.20 per common share. The fair value of the stock options has been determined to be $150,000 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.69%, dividend yield of 0%, expected stock volatility of 81.37% and expected life of 5 years.

The following table summarizes the Company's option activity:

	Number	Weighted Average Exercise Price
Outstanding June 30, 2013	475,000	$ 0.20
Issued	1,820,000	$ 0.20
Outstanding, June 30, 2014 and 2015	**2,295,000**	**$ 0.20**

(Expressed in Canadian dollars)

7. WARRANTS AND OPTIONS RESERVE - continued

Options - continued

The balance of outstanding and exercisable options at June 30, 2015 is as follows:

Grant date	Expiry Date	Number of Options		Exercise Price
December 7, 2010	December 7, 2015	475,000	$	0.20
March 17, 2014	March 17, 2019	1,820,000	$	0.20
		2,295,000	**$**	**0.20**

8. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

Key management includes members of the Board and other key financial officers. Remuneration paid to key management personnel included in the statement of operations and comprehensive loss is $305,576 (2014 - $310,995). Accounts payable to directors in the statement of financial position is $5,832 (2014 - $Nil).

For the year ended June 30, 2015, the Company paid Comishin & Astle Inc., a company controlled by shareholders and a board member, $50,929 (2014 – $45,000) for accounting services provided. The company also paid rental services to a company controlled by a director, $67,723 (2014 – $45,120).

Stock based compensation paid to directors is $Nil (2014 - $150,000).

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of its intangible assets. The capital of the Company consists of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated significant revenues and is in the process of executing and developing its marketing plan; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned budget, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended June 30, 2015, and the year ended June 30, 2014. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

10. INCOME TAX

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	June 30, 2015	June 30, 2014
Net loss before recovery of income taxes	**$ 1,267,306**	$ 1,354,467
Expected income tax recovery at 26% (2014 – 26%)	**$ (329,500)**	$ (352,161)
Difference in foreign tax rates	**49,210**	46,953
Tax rate changes and other adjustments	**42,180**	(8,286)
Non-deductible expenses	**1,780**	39,000
Change in tax benefits not recognized	**236,330**	274,494
Income tax recovery reflected in the statement of operations	**$ -**	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom:

Non-Capital losses carried forward - United Kingdom	**$ 1,626,790**	$ 941,802
Non-Capital losses carried forward - Canada	**$ 1,240,750**	$ 985,700
Intangible assets	**$ 190,630**	-
Share issue costs	**$ 56,260**	$ 98,868
Equipment	**$ 1,570**	$ 1,492

United Kingdom losses may be carried forward indefinitely.
The Canadian non-capital loss carry forwards expire as noted in the table below.
Share issue and financing costs will be fully amortized in 2019.
The remaining deductible temporary differences may be carried forward indefinitely.

The Company's Canadian non-capital income tax losses expire as follows:

2028	$ 26,840
2029	44,790
2030	44,990
2031	58,610
2032	316,340
2033	194,730
2034	160,480
2035	393,980
	$ 1,240,760

11. SUBSEQUENT EVENTS

On October 28, 2015, the Company completed a private placement for total of 2,886,677 units at a price of $0.15 per unit for total proceeds of $433,001. Each unit comprises one common share and one half of one common share purchase warrant exercisable at $0.30 per share for 24 months from closing.