

**ADVANTECH MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended December 31, 2014**

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the company. Management is responsible for the information and representations contained in these consolidated financial statements and other sections of this report.

An auditor has not performed a review of these consolidated financial statements.

Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Financial Position – (unaudited)
(expressed in Canadian dollars)

	December 31, 2014	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,041,535	\$ 1,815,805
Accounts receivable	723,130	809,189
Transaction credits (note 5)	9,389,420	10,278,706
Inventory	152,965	90,425
Prepaid expenses and sundry assets	262,073	179,412
	\$11,569,123	\$13,173,537
Non-current assets		
Property, plant and equipment	\$ 212,418	\$ 237,420
Intangible assets	588,970	529,892
	\$ 801,388	\$ 767,312
Total assets	\$12,370,511	\$13,940,849
Liabilities		
Current liabilities		
Loan payable (note 6)	\$ 5,493,390	\$ 6,454,174
Accounts payable and accrued liabilities	3,644,583	4,219,904
	\$ 9,137,973	\$10,674,078
Non-current Liabilities		
12% Non-convertible debentures payable (note 8)	\$ 4,751,873	\$ 4,661,833
Total Liabilities	\$13,889,846	\$15,335,911
Shareholders' deficiency		
Share capital (note 9)	\$24,530,555	\$24,530,555
Contributed surplus	4,090,382	4,090,382
Accumulated other comprehensive income	(47,383)	(47,383)
Deficit	(30,092,889)	(29,968,616)
Total deficiency	\$ (1,519,335)	\$ (1,395,062)
Total liabilities and deficiency	\$12,370,511	\$13,940,849

Economic and Financial dependence (note 2)
Commitments and contingencies (note 12)

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

Approved by the Board:

Director: Signed "William Polley"

William Polley

Director: Signed "Kelly Ambrose"

Kelly E. Ambrose

Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Income and Comprehensive Income – (unaudited)
For the three and six months ended December 31, 2014 and December 31, 2013
(expressed in Canadian dollars)

	Three months ended December 31		Six months ended December 31	
	2014	2013	2014	2013
	\$	\$	\$	\$
Revenues	3,799,990	4,608,874	7,329,587	9,157,041
Direct expenses	<u>1,209,064</u>	<u>1,735,907</u>	<u>2,158,562</u>	<u>3,340,003</u>
	2,590,926	2,872,967	5,171,025	5,817,038
Operating Expenses				
Selling and marketing	990,814	945,469	1,822,937	1,947,447
General and administrative	<u>1,180,873</u>	<u>1,193,605</u>	<u>2,312,582</u>	<u>2,312,008</u>
Earnings from operations before depreciation, amortization and interest	419,239	733,893	1,035,506	1,557,583
Interest expense:				
Stated interest expense – loan payable, and debentures	397,612	514,383	842,074	1,027,648
Non-cash interest expense on debentures	<u>55,477</u>	<u>-</u>	<u>114,246</u>	<u>104,333</u>
	(33,850)	219,510	79,186	425,602
Depreciation of property, plant and equipment, and amortization of intangible assets	<u>110,229</u>	<u>144,527</u>	<u>203,459</u>	<u>294,738</u>
Net income / (loss) and comprehensive income/(loss)	\$(144,079)	\$74,983	\$(124,273)	\$130,864
Earnings per share				
Basic and Diluted (note 13)	\$0.00	\$0.00	\$0.00	\$0.00

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

Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Changes in Deficiency – (unaudited)
For the six months ended December 31, 2014 and December 31, 2013
(expressed in Canadian dollars)

	Class A preferen- ce shares	Common shares	Contribut- ed surplus	Equity portion of debentures	Warrants	Deficit	Accumulated Other comprehen- sive income / (loss)	Total
	\$	\$	\$	\$	\$	\$		
Balance – July 1, 2013	3,815	24,106,281	808,167	2,114,341	1,167,874	(29,253,371)	-	(1,052,893)
Net income/(loss) and comprehensive income/(loss) for the period						130,864		130,864
Transfer to Contributed surplus			3,282,215	(2,114,341)	(1,167,874)			-
Issue of common shares as part of refinancing of debentures (note 7 and 8)		420,459						420,459
Balance – December 31, 2013	3,815	24,526,740	4,090,382	-	-	(29,122,507)	-	(501,570)
Balance – July 1, 2014	3,815	24,526,740	4,090,382	-	-	(29,968,616)	(47,383)	(1,395,062)
Net income/(loss) and comprehensive income/(loss) for the period						(124,273)		(124,273)
Balance – December 31, 2014	3,815	24,526,740	4,090,382	-	-	(30,092,889)	(47,383)	(1,519,335)

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

Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Cash Flow – (unaudited)
For the six months ended December 31, 2014 and December 31, 2013
(expressed in Canadian dollars)

	31-12-2014	31-12-2013
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income/(loss) for the period	\$(124,273)	\$130,864
Adjustments for:		
Depreciation of property, plant & equipment, and amortization of intangible assets	203,459	294,738
Accretion charge for debentures	<u>114,246</u>	<u>104,333</u>
	193,432	529,935
Changes in items of working capital		
Accounts receivable	86,059	(796,173)
Transaction credits	889,286	1,535,705
Inventory	(62,540)	27,761
Prepaid expenses and sundry assets	(82,661)	(33,479)
Accounts payable and accrued liabilities	<u>(575,321)</u>	<u>829,130</u>
	254,823	1,562,944
Net cash provided by operating activities	448,255	2,092,879
Investing activities		
Purchase of property, plant and equipment, and intangible assets	<u>(237,535)</u>	<u>(185,226)</u>
Net cash (used in) investing activities	(237,535)	(185,226)
Financing activities		
(Repayments)/Proceeds from loan payable	(960,784)	54,246
Payments on maturity / retirement of debentures (notes 7 and 8)	-	(7,895,967)
Proceeds from refinancing debentures (note 8)	-	5,159,000
Transaction costs to close debenture refinancing (note 8)	<u>(24,206)</u>	<u>(150,000)</u>
Net cash (used in) financing activities	(984,990)	(2,832,721)
Decrease in cash and cash equivalents during the period	\$(774,270)	\$(925,068)
- From continuing operations	(774,270)	(782,414)
- From discontinued operations (note 16)	---	(142,654)
Increase (decrease) in cash and cash equivalents during the period	\$(774,270)	\$(925,068)
Cash and cash equivalents – Beginning of period	1,815,805	1,773,672
Cash and cash equivalents – End of period	1,041,535	848,604
<u>Additional Information</u>		
Interest paid	\$ 660,334	\$ 699,401
For purposes of the cash flow statement, cash comprises:		
Cash	\$ 1,036,535	\$ 843,604
Term deposits	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	<u>\$ 1,041,535</u>	<u>\$ 848,604</u>

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

1 General information

Advantex Marketing International Inc. and its subsidiaries (together the “company” or “Advantex”) is a public company with common shares listed on the Canadian Securities Exchange (trading symbol ADX). Advantex operates in the marketing services industry. The company develops and manages loyalty programs for financial institutions and other major organizations through which their customers earn frequent flyer miles or points on purchase at participating merchants. Under the umbrella of each program, Advantex provides merchants with marketing, customer incentives and additionally pre-purchase of merchants’ future sales through its Advance Purchase Marketing (APM) program. Advantex is incorporated and domiciled in Canada, and the address of its registered office is Suite 606, 600 Alden Road, Markham, Ontario, L3R 0E7.

2 Economic and Financial dependence

Economic Dependence

During year ended June 30, 2014 about 85% (2013 94%) of the company’s revenues were generated by a merchant based loyalty program operated in partnership with Canadian Imperial Bank of Commerce (“CIBC”). Until mid-August 2014 this program was entirely dependent upon the company’s agreement with CIBC. In June 2014, the company entered into an agreement with The Toronto-Dominion Bank (“TD”). The two agreements enable the company to develop and manage a merchant based loyalty program (“CIBC/TD program”) under which the company markets participating merchants to the entire portfolio of designated CIBC and TD aeroplan credit cards. On behalf of participating merchants the company awards incremental rewards - over and above those issued by CIBC and TD – to holders of designated credit cards when they complete purchases at their establishments. The company earns its revenue when CIBC and TD aeroplan credit cards holders complete purchases at participating merchants.

The company has a two decade relationship with CIBC. In September, 2013 the company renewed its existing arrangement with CIBC, and signed a new agreement (“new agreement”) for an initial term through September 30, 2016. CIBC may, at its option, renew, on the same terms and conditions for up to two additional one year periods. The new agreement can be terminated by CIBC under certain conditions during the initial and renewal terms.

The agreement with TD has an initial term of two years and expires in June 2016. The agreement renews automatically for additional one year terms unless TD provides notice not to renew. The agreement can be terminated by TD under certain conditions during the initial and renewal terms.

The company’s revenue from the CIBC/TD program is dependent on the number of merchants participating in the program, dollar spending by holders of CIBC and TD aeroplan credit cards at participating merchants and the economic environment. Since the dollar spending by holders of CIBC and TD aeroplan credit cards is partially dependent upon the banks credit card portfolio, the company believes that the agreements with two banks mitigate the risk of dependence on one partner.

During year ended June 30, 2014 the company earned 15% (2013 – 6%) of its revenues from the Aeroplan program. This segment is dependent on the company’s agreement with Aimia Canada Inc. (“Aimia”). The company operates Aimia’s Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. In November 2014 the company renewed its agreement (“renewed agreement”) with Aimia for a five year term ending April 30, 2019. The agreement can be extended for one additional period of five years by mutual consent. Per the renewed agreement the company has an annual commitment to purchase minimum aeroplan miles (note 12). The renewed agreement can be terminated by Aimia under certain conditions during the term of the agreement.

The company successfully completed, during nine months ended March 31, 2014, a pilot merchant based loyalty program, in a test market in the USA, for Caesars Entertainment Corporation (“Caesars”). The company and Caesars signed a multi-year agreement to launch a full program (“program”) on a graduated basis across the US. The agreement expires December 31, 2017. The program expansion was first launched in February 2015 in Philadelphia market.

The company’s segment reporting is provided in note 15.

Financial Dependence

The company is funded by debt. The sources of debt are a line of credit facility, and a non-convertible debentures.

The company has access to a line of credit facility under its loan payable (note 6). The loan payable is used exclusively to expand the company’s APM program (“transaction credits” on consolidated statements of financial position). In October 2014 the term of the loan payable was renewed for a one year term expiring in December 2015. The relationship was established in 2007.

On December 30, 2013, the company re-financed its two debentures – 14% non-convertible debentures payable (note 7) and 12% non-convertible debentures payable (note 8) – totalling \$7.9 million into a single 12% non-convertible debentures payable (“new 12% debentures”) (note 8) for \$5.2 million. The new 12% debentures mature September 30, 2016. The new 12% debentures are used to meet working capital requirements.

3 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the company’s year ended June 30, 2014, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements and related notes have been reviewed by the company’s audit committee and approved by the company’s board of directors on March 2, 2015.

Accounting standards issued but not yet applied

The IASB has issued the following applicable standards which have not yet been adopted by the company. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated interim financial statements or whether to early adopt any of the new requirements.

The following is a description of the new standards:

IFRS 15, Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15, Revenue from Contracts with Customers, which supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount

that reflects the consideration to which the entity expects to receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple –element arrangements. IFRS 15 will be effective for the Corporations fiscal year beginning on April 1, 2017 with earlier adoption permitted. The company has not yet assessed the impacts of adopting this standard on its consolidated financial statements.

4 Summary of significant accounting policies

The company has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2014 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after 1 July, 2014, and will be adopted in the 2015 annual financial statements.

5 Transaction credits

Under its APM model the company acquires the rights to cash flow from future designated credit card transactions at a discount from participating merchants (“transaction credits”). These transaction credits are generally estimated to be fully extinguishable within 30 – 210 days. The company, in the normal course of business, is exposed to credit risk on the transaction credits.

The transaction credits are net of applicable allowance for impaired accounts, which is established based on the specific credit risk associated with the customer and other relevant information.

The transaction credits and the allowance for impaired accounts is as follows:

	December 31, 2014	June 30, 2014
	\$	\$
Transaction credits	10,691,250	11,361,349
Allowance	(1,301,830)	(1,082,643)
Per statement of financial position	9,389,420	10,278,706

The transaction credits that are considered impaired and the related allowance is as follows:

	December 31, 2014	June 30, 2014
	\$	\$
Impaired transaction credits	2,572,328	2,167,222
Allowance	(1,301,830)	(1,082,643)
Impaired transaction credits not allowed for	1,270,498	1,084,579

6 Loan payable

	December 31, 2014	June 30, 2014
Opening balance	\$6,454,174	\$7,099,371
(Repayment) / Additional borrowing	(960,784)	(645,197)
Closing balance	\$5,493,390	\$6,454,174

The loan payable is a line of credit facility (“facility”) provided by Accord Financial Inc. (“Accord”). The facility limit is \$8.5 million. The company is paying interest rate on the entire facility equivalent to prime rate of a certain Canadian bank plus 11.5% per annum. The term of facility is to December 2015. In certain circumstances the loan payable amount is repayable on demand to Accord.

The facility is used by the company exclusively to acquire transaction credits, under its APM program, from establishments that are in business segments available to the company under its agreements with CIBC, TD and Aimia.

The interest cost during the period ended December 31, 2014 was \$471,490 (2013 - \$530,967).

7 14% Non-convertible debentures payable

The 14% non-convertible debentures payable (“14% debentures”), issued in May 2011, were repaid in December 2013. The 3,444,400 common share purchase warrants of the company (each a “warrant”) issued with the 14% debentures were not exercised and expired as of December 31, 2013.

Stated interest charges and accretion charges with respect to the 14% debentures are as follows:

Period ended December 31, 2014		Period ended December 31, 2013	
Stated Interest	Accretion charges	Stated Interest	Accretion charges
\$-	\$-	\$123,084	\$7,702

8 12% Non-convertible debentures payable

The company met the quarterly financial covenants as at December 31, 2014.

Movement on the 12% non-convertible debentures payable (“new 12% debentures”)

	Debt portion
Balance as at June 30, 2014	\$4,661,833
Transaction costs	(24,206)
Accretion charge for the period	<u>114,246</u>
Balance at December 31, 2014	\$4,751,873

Stated interest charges and accretion charges with respect to the new 12% debentures are as follows:

	Period ended December 31, 2014		Period ended December 31, 2013	
	Stated Interest	Accretion charges	Stated Interest	Accretion charges
old 12% debentures	\$ -	\$ -	\$370,205	\$96,631
new 12% debentures	\$312,084	\$114,426	\$ -	\$ -
new 12% debentures fees	<u>\$ 58,500</u>	<u>\$ -</u>	<u>\$ 3,392</u>	<u>\$ -</u>
	\$370,584	\$114,426	\$373,597	\$96,631

9 Share capital

Authorized and Issued share capital. No change during the three and six months ended December 31, 2014.

10 Share-based payments

Employee stock options

The company has a stock option plan for directors, officers, employees and consultants. The number of employee stock options issuable per the company's stock option plan is 16,688,546.

	Number of employee stock options	Weighted average exercise price \$	Weighted average remaining contractual life
Outstanding at June 30, 2014 and December 31, 2014	10,190,000	0.03	2.5 years / 2.0 years respectively
Exercisable at June 30, 2014 and December 31, 2014	10,190,000	0.03	2.5 years / 2.0 years respectively

11 Related party transactions

Directors and Officers

In December 2013 the directors and officers purchased new 12% debentures (note 8), on terms and conditions applicable to the other subscribers. The holdings of debentures are tabulated:

	June 30, 2014 and December 31, 2014
Director and Chief Executive Officer – Kelly Ambrose	\$500,000
Director and Chairman of the Board of Directors – Stephen Burns	\$ 50,000
Director - Marc Lavine	\$500,000
Director – Rob von der Porten	\$ 50,000
Director – William Polley	\$ 50,000
Director – Barry Wainstein	\$ 25,000
Chief Financial Officer – Mukesh Sabharwal	\$115,000

12 Commitments and contingencies

Commitments

As at December 31, 2014, the company is committed to minimum payments with respect to existing leases for equipment and premises:

	Equipment	Premises	Total
Not later than one year	\$24,120	\$97,073	\$ 121,193
Later than one year and not later than five years	\$32,340	\$158,968	\$191,308
Later than five years	\$nil	\$nil	\$nil
Total	\$56,460	\$256,041	\$312,501

The expense related to above leases is expensed in selling and marketing, and general and administrative expenses in the consolidated statements of income.

A significant portion of the commitments for premises is for the company's head office (note 1). The lease expires in September, 2017.

Additional commitments

In November 2014 the company renewed its agreement (“renewed agreement”) with Aimia for a five year term ending April 30, 2019. The renewed agreement enables the company to operate Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. Per the renewed agreement the company has an annual commitment to purchase minimum aeroplan miles. The annual commitment is tabulated. The company met the calendar 2014 purchase commitment. It sold the aeroplan miles and this is reflected as revenue of the Aeroplan program.

<u>Calendar year</u>	<u>Annual commitment</u>
2014	\$1,700,000
2015	\$1,870,000
2016	\$2,057,000
2017	\$2,262,700
2018	\$2,488,970

In February 2012 the company signed an agreement with a service provider to purchase software over a three year term. The software provides an integrated platform enabling users to simultaneously manage and schedule their digital marketing campaigns. The annual purchase commitment, per agreement, is \$192,000. The company sells this software to merchants participating in its programs.

Taxation

As of date hereof, the company does not have a decision to the notice it has filed with Canada Revenue Agency to confirm the appropriateness of the company's treatment of HST/GST for the periods subsequent to fiscal 2007.

13 Earnings per share

Basic EPS is calculated by dividing the net income/(loss) for the period attributable to equity owners of the company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The company's potentially dilutive common shares comprise stock options granted to employees, officers and directors (position as at December 31, 2014 tabulated under note 10).

Basic and Diluted EPS are tabulated.

	3 months 2014	3 months 2013	6 months 2014	6 months 2013
Net Income	\$(144,079)	\$74,983	\$(134,273)	\$130,864
Average number of issued common shares during the period	139,071,218	97,939,408	139,071,218	97,482,388
In-the-money dilutive securities at December 31	<u>nil</u>	<u>nil</u>	<u>nil</u>	<u>nil</u>
Average number of common shares including all dilutive securities during the period	N/A	97,939,408	N/A	97,482,388
Basic EPS	\$0.00	\$0.00	\$0.00	\$0.00
Diluted EPS	\$N/A	\$0.00	\$N/A	\$0.00

The computation for Diluted EPS for 3 and 6 months ended December 31, 2014 is not provided because the effect of potential exercise of the dilutive common shares would be anti-dilutive.

14 Nature of expenses

	Six months ended December 31, 2014 \$	Six months ended December 31, 2013 \$
<u>Direct Expenses</u>		
➤ Covering costs of a) cardholders awards, and marketing and advertising in connection with the company's merchant based loyalty programs; b) cost of sales related to sale of aeronotes; c) cost of sales of digital marketing services; and d) provision against accounts receivable and transaction credits	\$2,158,562	\$3,340,003
<u>Selling and Marketing, and General & Administrative</u>		
➤ Salaries and wages including travel	\$3,324,957	3,344,109
➤ Professional fees	234,197	381,410
➤ Facilities, processing, and office expenses	533,274	509,925
➤ Other	<u>43,091</u>	<u>24,011</u>
	\$4,135,519	\$4,259,455

15 Segment reporting

The company's reportable segments include: (1) CIBC/TD program, (2) Aeroplan program and (3) Caesars program. Where applicable, corporate and other activities are reported separately as Corporate.

During period ended December 31, 2014 and 2013 the CIBC/TD program relates to the merchant based loyalty program the company developed and managed respectively for CIBC and TD, and CIBC.

The company operates Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. The company's Aeroplan program relates to merchant based loyalty program the company developed and managed for Aimia.

The Caesars program relates to the merchant based loyalty program the company operates for Caesars.

Financial information by reportable segment for period ended December 31, 2014 and 2013 is tabulated.

For the period ended December 31, 2014

	CIBC/TD program	Aeroplan program	Caesars program	Corporate	Total
	\$	\$		\$	\$
Revenues	6,082,209	1,231,656	15,677	45	7,329,587
Direct expenses	<u>1,483,814</u>	<u>673,657</u>	<u>1,091</u>	-	<u>2,158,562</u>
	4,598,395	557,999	14,586	45	5,171,025
Selling and marketing	1,472,963	239,984	109,990	-	1,822,937
General and administrative	<u>1,692,329</u>	<u>346,622</u>	-	<u>273,631</u>	<u>2,312,582</u>
Earnings from operations before depreciation, amortization and interest	1,433,103	(28,607)	(95,404)	(273,586)	1,035,506
Interest – Loan payable (note 6)	471,490	-	-	-	471,490
Interest – Non-convertible debentures (notes 7 and 8)	402,409	82,421	-	-	484,830
Depreciation and amortization	<u>168,871</u>	<u>34,588</u>	-	-	<u>203,459</u>
Segment profit / (loss)	390,333	(145,616)	(95,404)	(273,586)	(124,273)

For the period ended December 31, 2013

	CIBC/TD program	Aeroplan program	Caesars program	Corporate	Total
	\$	\$	\$		\$
Revenues	8,041,699	1,115,342			9,157,041
Direct expenses	<u>2,675,024</u>	<u>664,979</u>			<u>3,340,003</u>
	5,366,675	450,363			5,817,038
Selling and marketing	1,700,868	246,579			1,947,447
General and administrative	<u>1,739,550</u>	<u>237,212</u>		<u>335,246</u>	<u>2,312,008</u>
Earnings from operations before depreciation, amortization and interest	1,926,257	(33,428)		(335,246)	1,557,583
Interest – Loan payable (note 6)	530,967	-			530,967
Interest – Non-convertible debentures (notes 7 and 8)	528,892	72,122			601,014
Depreciation and amortization	<u>259,369</u>	<u>35,369</u>			<u>294,738</u>
Segment profit / (loss)	607,029	(140,919)		(335,246)	130,864

16 Discontinued operations

Discontinued operations are discussed in detail in note 16 to the consolidated statements for year ended June 30, 2014. The following provides details with respect to the amounts included in the statement of cash flows as discontinued operations.

	Six months ended December 31, 2014	Six months ended December 31, 2013
	\$	\$
Changes in non-cash working capital items		
Accounts payable	-	(142,654)
Movement in cash and cash equivalents	-	\$(142,654)

17 Subsequent event

On January 28, 2015 the company issued a news release announcing reduction in its workforce of roughly 10% and a modest pay cut across the entire company. The measures were to adjust the business model to the new economic realities.

18 Comparatives

Certain of comparative figures have been re-classified to conform to presentation adopted in the three and six months ended December 31, 2014.