SustainCo Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended November 30, 2014 and 2013

(Unaudited, Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed an audit or review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Consolidated Interim Statements of Financial Position
(Unaudited, Expressed in Canadian Dollars)

	November 30, 2014	August 31, 2014
Assets		
Current assets		
Cash	**$ 885,399**	$ 1,514,837
Accounts receivable, net of $79,000 allowance (August 31, 2014 - $79,000)	**3,577,041**	3,417,880
Unbilled receivables	**280,499**	400,862
Inventories *(note 6)*	**345,666**	351,827
Prepaid expenses	**75,706**	128,736
	5,164,311	5,814,142
Property and equipment *(note 7)*	**180,861**	191,904
Intangible assets *(note 9)*	**400,417**	416,667
Goodwill *(note 4 & 8)*	**599,802**	599,802
	$ 6,345,391	$ 7,022,515
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	**$ 2,678,346**	$ 2,676,250
Bank indebtedness *(note 14)*	**691,992**	1,095,863
Acquisition payable *(note 4)*	**70,000**	70,000
Deferred revenue	**300,022**	319,775
Due to related party *(note 11)*	**128,199**	128,199
	3,868,559	4,290,087
Debentures *(note 15)*	**4,808,835**	4,796,246
	8,677,394	9,086,333
Shareholders' equity (deficiency)		
Share capital *(note 10)*	**15,442,371**	15,442,371
Share-based payment reserve *(note 10)*	**1,483,253**	1,483,253
Deficit	**(19,257,627)**	(18,989,442)
	(2,332,003)	(2,063,818)
	$ 6,345,391	$ 7,022,515

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

Nature of operations and going concern *(note 1)*
Subsequent events *(note 18)*

Approved on behalf of the Board

Signed: *"Emlyn J. David"*
Director

Signed: *"Michael Galloro"*
Director

Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited, Expressed in Canadian Dollars)

	For the three months ended November 30,			
		2014		2013
Sales	**$**	**2,903,830**	$	732,578
Cost of sales *(note 6)*		**2,275,232**		738,633
Gross margin		**628,598**		(6,055)
Marketing, general and administrative *(note 11 & 13)*		**692,753**		568,322
Finance expense *(note 14 & 15)*		**176,224**		102,957
Amortization and depreciation *(note 7 & 9)*		**27,806**		26,372
Loss from continuing operations		**268,185**		703,706
Loss from discontinued operations *(note 5)*		**-**		672,000
Net loss and comprehensive loss	**$**	**268,185**	$	1,375,706
Net loss per share				
Basic and diluted from continuing operations	**$**	**0.01**	$	0.02
Basic and diluted from discontinued operations	**$**	**-**	$	0.02
Weighted average shares outstanding		**46,741,801**		29,440,217

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

Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited, Expressed in Canadian Dollars)

	Share Capital	Share-based payment reserve	Deficit	Total
Balance, August 31, 2013	$ 14,188,904	$ 1,455,935	$ (15,057,999)	$ 586,840
Net loss for the period	-	-	(1,375,706)	(1,375,706)
Balance, November 30, 2013	$ 14,188,904	$ 1,455,935	$ (16,433,705)	$ (788,866)
Balance, August 31, 2014	$ 15,442,371	$ 1,483,253	$ (18,989,442)	$ (2,063,818)
Net loss for the period	-	-	(268,185)	(268,185)
Balance, November 30, 2014	**$ 15,442,371**	**$ 1,483,253**	**$ (19,257,627)**	**$ (2,332,003)**

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

Consolidated Interim Statements of Cash Flows
(Unaudited, Expressed in Canadian Dollars)

	For the three months ended November 30, 2014	2013
Cash flow from operating activities		
Net loss from continuing operations	**$ (268,185)**	$ (703,706)
Add (deduct) items not involving cash		
Accretion	**12,658**	-
Amortization and depreciation	**27,806**	26,372
Change in non-cash working capital		
Accounts receivable	**(159,161)**	(171,309)
Unbilled receivables	**120,363**	-
Inventory	**6,161**	29,364
Prepaid expenses	**53,030**	(216,006)
Deferred revenue	**(19,753)**	(54,368)
Accounts payable and accrued liabilities	**2,096**	114,773
Cash used in continuing operations	**(224,985)**	(974,880)
Cash used in discontinued operations	**-**	(1,782,956)
	(224,985)	(2,757,836)
Cash flow from financing activities		
Issuance of notes payable	**-**	688,000
Due to related party	**-**	(100,000)
Repayment of bank indebtedness, net	**(403,939)**	-
Cash (used) generated by continuing operations	**(403,939)**	588,000
Cash generated by discontinued operations	**-**	1,243,827
	(403,939)	1,831,827
Cash flow from investing activities		
Investment in property and equipment	**(514)**	-
Cash used in continuing operations	**(514)**	-
Cash used in discontinued operations	**-**	(132,871)
	(514)	(132,871)
Total cash used by continuing operations	**(629,438)**	(386,880)
Total cash used by discontinued operations	**-**	(672,000)
Cash, beginning	**1,514,837**	1,594,877
Cash, ending	**$ 885,399**	$ 535,997

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

1. Nature of Operations and Going Concern

SustainCo Inc. (formerly Bellair Ventures Inc.), (the “Company” or “SustainCo”), was incorporated under the *Canada Business Corporation Act* on August 22, 2008. The address of the Company’s corporate office is 151 Bloor Street West, Suite 1100, Toronto, Ontario, Canada. The Company is listed on the TSX Venture Exchange Inc. (the “TSX-V” or the “Exchange”) under the trading symbol “SMS”.

SustainCo conducts its operations through two wholly owned subsidiaries, Clean Energy Developments Corp. (“CleanEnergy”) and VCI CONTROLS Inc. (“VCI” or “VCI CONTROLS”).

CleanEnergy is a Canadian industry leading geoexchange company that provides heating and cooling solutions for residential and commercial buildings using energy from the earth. It provides a complete energy solution and is able to provide engineering and design, geo installation, equipment and control systems as well as manage the complete project.

VCI is a leading supplier of building technologies and services that improve comfort, safety, energy efficiency, and occupant productivity. It is an industry leader in the development of intelligent building technology, including the integration of all building systems utilizing the latest in communications technologies and standards. VCI's business focuses on digital controls and mechanical services, performance monitoring, and energy efficiency solutions.

These consolidated financial statements are prepared on the assumption that the Company is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. Over the past two years the Company has incurred significant losses including operating losses. For the three months ended November 30, 2014, the Company incurred a loss of $268,185. As a result, the Company has an accumulated deficit of $19,257,627 and working capital of $1,295,752 at November 30, 2014. The Company has taken and continues to take steps to reduce these losses and ultimately become profitable; however, losses are expected to continue for the 2015 fiscal year. In addition, subsequent to the period end, one of the Company’s banks reduced the line of credit maximum to $500,000 (see notes 14 and 18). As a result, there is substantial doubt surrounding the Company’s ability to continue as a going concern. In order to rectify these problems, in addition to increasing revenues and decreasing costs in order to reduce losses, the Company will require additional financing in the form of debt or equity. Failure to obtain such financing could result in delay or indefinite postponement of the Company’s strategic goals. These consolidated financial statements do not include any adjustments relative to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Basis of Presentation

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2015.

Basis of measurement and functional currency

The consolidated financial statements are prepared on the historical cost basis. The accompanying consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements are presented in Canadian dollars, the Company's functional currency.

Principles of consolidation

The Company consolidates its interest in entities which it controls. Control comprises the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. All intercompany balances and transactions have been eliminated.

3. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended August 31, 2014.

Use of estimates

The preparation of these condensed consolidated interim financial statements 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 end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The critical assumptions concerning the key sources of estimation uncertainty are consistent with those in the audited financial statements of the Company for the year ended August 31, 2014.

4. Acquisition

Acquisition of VCI CONTROLS Inc.

In December 2013, the Company entered into agreements with PriceCo Inc. ("PriceCo") and Tannenberg Management Inc. ("TMI"), the shareholders of VCI CONTROLS Inc., for the purchase of all of the issued and outstanding shares of VCI.

The Company entered into a share purchase agreement and assignment agreement with PriceCo and TMI respectively (collectively the "Agreements") for the purchase of all of the issued and outstanding subordinate voting and multiple voting shares in the capital of VCI for the aggregate purchase price of $1,131,250.

The Purchase Price was satisfied through the payment of $725,000 cash (with $625,000 paid in December, $30,000 on closing, and the remaining $70,000 due 1 year from closing) and the issuance of 4,444,444 common shares in the Company (the "Shares") at an issue price of $0.1125 per Share, discounted by $93,750 due to restrictions on the shares for an aggregate value equal to $406,250. $26,167 of transaction costs expensed during the year ended August 31, 2014 relate to this transaction. As part of this transaction, $70,000 of consideration remains payable as at November 30, 2014.

For accounting purposes, VCI has been consolidated from the date of acquiring control in December 2013. Although the acquisition did not officially close on signing of the agreements, control was effectively acquired by the Company through officers of the Company being placed on the board and in executive capacities. The Company held a majority of seats on the board of VCI prior to receiving final exchange approval. The Company closed the acquisition formally in June 2014.

The purchase consideration was as follows:

Share consideration - 4,444,444 shares @ $0.1125 per share on close	$	500,000
Discount to fair value on share consideration		(93,750)
Cash on signing		625,000
Cash on close		30,000
Contingent cash payment 1 year from the date of close		70,000
Total purchase price	**$**	**1,131,250**

4. Acquisition – continued

The allocation of the purchase price to identifiable assets acquired and liabilities assumed is based upon estimated fair vales at the date of acquisition, as set out below:

Accounts receivable	$ 2,862,368
Inventories	392,178
Prepaid expenses	72,935
Property and equipment	148,559
Bank indebtedness	(1,174,915)
Accounts payable and accrued liabilities	(1,452,677)
Intercompany payable	(625,000)
Deferred tax	(152,000)
Customer relationships	325,000
Trade name	135,000
Identified net assets acquired	**$ 531,448**

Consideration paid	$ 1,131,250
Identified net assets acquired	(531,448)
Goodwill	**$ 599,802**

5. Discontinued Operations

Sale of Urban Mechanical

Subsequent to acquisition, the results of Urban Mechanical's operations were included in the consolidated financial statements. In August 2013, the Company commenced plans to dispose of Urban, and in October 2013, the Company entered into a sales agreement to dispose of all the assets and liabilities of Urban Mechanical. The sale proceeds were $3 million in cash, the forgiveness of $500,000 of debt owed by the Company for the original acquisition of Urban Mechanical, and the assumption of $500,000 of debt from Urban Mechanical by the Company. Accordingly, the Urban Mechanical results of operations and assets and liabilities are shown as discontinued operations. The Company closed the sale of Urban Mechanical in December 2013.

5. Discontinued Operations – continued

Sale of Urban Mechanical – continued

The breakdown of revenue, expenses and after tax loss is presented below:

	Three months ended November 30,	
	2014	2013
Sales	$ -	$ 25,720,579
Cost of sales	-	24,569,055
Gross margin	-	1,151,524
General and administrative	-	1,062,196
Depreciation	-	36,187
	-	1,098,383
Income before finance expense, income taxes and impairment	-	53,141
Finance expense	-	85,712
Loss from discontinued operations before impairment	-	(32,571)
Impairment in unallocated purchase price	-	639,429
Net loss from discontinued operations	$ -	$ (672,000)

6. Inventories

The Company maintains inventory, which consist of raw materials, equipment and spare parts for sale or for use.

During the three months ended November 30, 2014, the Company recognized an impairment charge on inventory of $nil (2013 - $20,864), which has been included in cost of sales. Total raw materials, equipment and spare parts charged to cost of sales for the period was $710,333 (2013 - $44,515).

7. Property and Equipment

	Computer equipment	Equipment	Vehicles	Furniture & fixtures	Leasehold improvements	Total
Cost						
At August 31, 2013	$ 19,282	$ 19,474	$ -	$ 40,710	$ -	$ 79,466
Additions from acquisition	300,298	167,771	58,024	360,963	23,250	910,306
Additions	38,476	4,193	3,034	6,151	9,341	61,195
Disposals	(77,336)	(11,907)	(2,956)	(39)	-	(92,238)
At August 31, 2014	**280,720**	**179,531**	**58,102**	**407,785**	**32,591**	**958,729**
Additions	-	514	-	-	-	514
At November 30, 2014	**$ 280,720**	**$ 180,045**	**$ 58,102**	**$ 407,785**	**$ 32,591**	**$ 959,243**
Accumulated depreciation						
At August 31, 2013	$ 11,064	$ 5,464	$ -	$ 8,801	$ -	$ 25,329
Additions from acquisition	261,287	130,622	38,738	311,569	19,531	761,747
Expense for the year	17,233	8,268	5,161	14,325	4,569	49,556
Disposals	(67,439)	-	(2,368)	-	-	(69,807)
At August 31, 2014	**222,145**	**144,354**	**41,531**	**334,695**	**24,100**	**766,825**
Expense for the period	4,394	1,745	1,224	2,366	1,828	11,557
Disposals	-	-	-	-	-	-
At November 30, 2014	**$ 226,539**	**$ 146,099**	**$ 42,755**	**$ 337,061**	**$ 25,928**	**$ 778,382**
Net book value						
At August 31, 2014	$ 58,575	$ 35,177	$ 16,571	$ 73,090	$ 8,491	$ 191,904
At November 30, 2014	$ 54,181	$ 33,946	$ 15,347	$ 70,724	$ 6,663	$ 180,861

8. Goodwill

The Company completed the acquisition of VCI in fiscal 2014, resulting in goodwill of $599,802.

9. Intangible Assets

	Customer relationships	Exclusivity contracts	Brand or trade name	Total
Cost				
At August 31, 2013	$ 70,000	$ 180,000	$ 68,000	$ 318,000
Additions from acquisition	325,000	-	135,000	460,000
At August 31, 2014	**395,000**	**180,000**	**203,000**	**778,000**
At November 30, 2014	**$ 395,000**	**$ 180,000**	**$ 203,000**	**$ 778,000**
Accumulated depreciation				
At August 31, 2013	$ 14,000	$ 22,000	$ -	$ 36,000
Expense for the year	57,333	36,000	-	93,333
Impairment	42,000	122,000	68,000	232,000
At August 31, 2014	**113,333**	**180,000**	**68,000**	**361,333**
Expense for the period	16,250	-	-	16,250
Impairment	-	-	-	-
At November 30, 2014	**$ 129,583**	**$ 180,000**	**$ 68,000**	**$ 377,583**
Net book value				
At August 31, 2014	$ 281,667	$ -	$ 135,000	$ 416,667
At November 30, 2014	$ 265,417	$ -	$ 135,000	$ 400,417

10. Share Capital

(a) Authorized

An unlimited number of common shares

(b) Issued

	Number of shares	Amount
Issued as at August 31, 2013 & November 30, 2013	29,440,217	$ 14,188,904
Issued as at August 31, 2014 & November 30, 2014	46,741,801	$ 15,442,371

(c) Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options granted can be exercised for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than the discounted fair market value of the common shares on the date of grant.

10. Share Capital – continued

(c) Stock options – continued

The option details of the Company are as follows:

Weighted average exercise price	Number of Options	Weighted average remaining life (years)	Vested
$0.50	500,000	1.76	500,000
$0.68	850,000	3.34	850,000
Balance at November 30, 2014	**1,350,000**	**2.75**	**1,350,000**

495,440 options expired unexercised during the three months ended November 30, 2013 from accelerated expiration due to employees leaving the Company.

(d) Warrants

	Number of warrants	Weighted average exercise price	Weighted average remaining life
Outstanding, November 30, 2014	3,041,992	$0.67	0.53

(e) Agent options

	Number of agent options	Weighted average exercise price	Weighted average remaining life
Outstanding, November 30, 2014	228,937	$0.53	0.45

11. Related Party Balances and Transactions

(a) A corporation that holds significant influence over the Company, is owed approximately $128,199 (August 31, 2014 - $128,199), which is outstanding consideration payable for the qualifying transaction. These amounts are non-interest bearing and due on demand.

(b) During the period, rent of $nil (2013 - $88,250) was paid to a company controlled by a beneficial owner that formerly held significant influence over the Company. In addition, rent of $9,300 (2013 - $8,133) was paid to a company controlled by an officer of the Company, for additional office space used by the Company.

(c) $nil of interest was paid during the period (2013 - $12,500) to a beneficial owner that formerly held significant influence over the Company as part of the Urban Mechanical acquisition, bearing interest of 10% per annum. This note was disposed of during the sale of discontinued operations.

(d) A promissory note of $nil (2013 - $100,000) was repaid during the period to a corporation controlled by an officer and director of the Company, plus interest of $nil (2013 - $4,373). The funds were used for general working capital.

12. Financial Instruments and Risk Management

Capital management

The Company's capital currently consists of debt and equity (deficiency). Its principal sources of cash are from operations, the issuance of common shares and debt. The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence.

The Company intends to maintain a flexible capital structure consistent with the objectives mentioned above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, raise secured debt or refinance existing debt with different characteristics.

VCI is subject to a financial covenant related to its bank indebtedness which consists of a maximum threshold for its liabilities to tangible net worth ratio (note 14).

Financial instrument risk exposure and management

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1).

The carrying value of accounts receivable, trade payables and accrued liabilities, and due to related party reflected in the statement of financial position approximates fair value because of the short-term nature of these instruments. The fair value of debentures approximates its carrying value.

Credit risk

The Company’s cash is held at chartered Canadian financial institutions. Management reviews the strength of these institutions on a regular basis.

Accounts receivable subject the Company to credit risk. The Company believes the remaining amounts will be collected. Holdbacks are received upon substantial completion of the projects.

Accounts receivable aging		**November 30, 2014**		August 31, 2014
Within 30	$	1,791,616	$	2,182,423
31 to 60		595,764		483,784
61 to 90		461,308		233,815
Over 90		542,758		313,442
Holdbacks		185,595		204,416
Total accounts receivable	**$**	**3,577,041**	$	3,417,880

The maximum exposure is limited to the carrying amount of financial assets on the consolidated statement of financial position that includes cash and accounts receivable.

Interest rate risk

Debentures owed by the Company are fixed rate instruments. The Company is subject to interest rate risk from its bank indebtedness, which is subject to a floating interest rate, which changes based on prevailing market conditions.

12. Financial Instruments and Risk Management – continued

Concentration risk

The concentration of revenue generated from major customers is not significant in three months ended November 30, 2014, with the three largest customers combined accounting for less than 20% of gross revenue.

In the three months ended November 30, 2013, the largest customer accounted for 70%, the second largest customer accounted for 6% and the third largest customer accounted for 4% of revenues.

Foreign exchange risk

The Company purchases a portion of its inventory in United States dollars ("USD") and does not currently engage in hedging activities. Accordingly, the Company is exposed to foreign exchange risk on a portion of its accounts payable and accrued liabilities and its USD bank account balances. However, the foreign exchange exposure to the Company at this time is not significant.

13. General and Administrative Expense

	For the three months ended November 30,			
		2014		2013
Salaries and wages	**$**	**365,996**	$	332,785
Office expense		**189,466**		103,750
Professional and consulting fees		**120,874**		107,339
Travel		**16,417**		17,722
Bad debts		**-**		6,726
	$	**692,753**	$	568,322

The Company settled a liability resulting in a one-time gain of $96,746, which has been treated as a reduction to salaries and wages expense for the three months ended November 30, 2014.

14. Bank Indebtedness

The demand operating loan bears interest at the Royal Bank prime rate plus 1.60% (4.6% at November 30, 2014). Security for the above indebtedness is comprised of a general security agreement, postponement and assignment of claim of amounts due to related parties, corporate guarantees totaling $1,500,000, personal guarantees totaling $750,000. The maximum amount of credit available under this demand operating loan is $800,000.

During the three months ended November 30, 2014, interest of approximately $11,527 (2013 - $nil) related to the above indebtedness has been charged to interest expense.

VCI is subject to a financial covenant related to its bank indebtedness which consists of a maximum threshold for its liabilities to tangible net worth ratio. At November 30, 2014, VCI is not in compliance with this financial covenant. Subsequent to the period, the Company signed a forbearance agreement related to the bank indebtedness (see note 18).

15. Debentures

In June 2014, the Company completed the private placement and consolidation of pre-existing debt into a secured term note unit, totalling $5,075,000. Each secured term note unit is comprised of: (i) one $1,000 principal amount secured term note (each, a "Term Note") of the Company; and (ii) one hundred (100) common share purchase warrants (each common share purchase warrant, a "Warrant") of the Company. The Term Notes bear interest at a rate of 12% per annum and has a maturity date that is five (5) years following the closing, with a redemption feature exercisable by the Company after a period of 24 months following the closing. Each Warrant is exercisable for a period of 36 months following the Closing at an exercise price of $0.25 per Common Share, subject to adjustment in certain events. A total of 507,500 warrants were issued in conjunction with the debentures.

The Company paid certain finders a finder's fee and costs of $256,266, inclusive of broker warrant costs. The Company issued 26,178 broker warrants, valued at $1,486 which are exercisable at $0.25 per warrant for a period of three years from closing.

The residual valuation method was used to determine the value of the warrants attached. Under this approach, the liability component was valued first, and the difference between the proceeds of the debentures and the fair value of the liability assigned to the warrant component. The fair value of the liability was calculated based on the present value model using a discount rate of 12.75%, which approximates the interest rate that would have been applicable to non-convertible debt without warrants. A deferred tax liability of $9,314 was recognized directly in equity for this compound financial instrument.

	November 30, 2014	August 31, 2014
Opening balance	**$ 4,796,246**	$ -
Debenture issued June 2014	**-**	5,075,000
Less costs	**-**	(256,266)
Less warrant component	**-**	(25,832)
Less deferred tax liability	**-**	(9,314)
	4,796,246	4,783,588
Adjustments		
Accretion of liability	**12,589**	12,658
Liability component of debentures	**$ 4,808,835**	$ 4,796,246

16. Contingent Liabilities

The Company is involved in a number of claims in the capacity of plaintiff as well as defendant. The Company or its insurer, where applicable, has filed defenses where the Company has been named defendant. In the opinion of management, the resolution of claims against the Company for an amount differing from the amount reflected in the records will not result in a material adverse effect on the financial position of the Company.

17. Segmented Information

Three months ended Nov 30, 2014	Corporate	Geoexchange services	Controls and Mechanical contracting	**Total**
Capital expenditures	$ -	$ -	$ 514	**$ 514**
Total assets	898,065	483,950	4,963,376	**6,345,391**
Statement of operations				
Revenue	-	254,885	2,648,945	**2,903,830**
Cost of sales	-	(188,476)	(2,086,756)	**(2,275,232)**
General and administrative	(240,767)	(8,210)	(443,776)	**(692,753)**
Other expenses	(164,279)	(315)	(11,630)	**(176,224)**
Amortization and depreciation	-	(1,276)	(26,530)	**(27,806)**
Segmented (loss) income	$ (405,046)	$ 56,608	$ 80,253	**$ (268,185)**

The Company settled a liability resulting in a one-time gain of $96,746, which was treated as a reduction to general and administrative expenses in the geoexchange services division for the three months ended November 30, 2014.

The Company did not have segments in fiscal 2013 other than between continuing and discontinued operations.

18. Subsequent Events

Bank indebtedness

Subsequent to the period, the Company entered into a forbearance agreement with the bank, which reduces the operating loan maximum to $800,000, which will be further reduced by $50,000 per month until it reaches $500,000.

The operating loan interest will be calculated at Royal Bank prime plus 3.6%.