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**SURREY CAPITAL CORP.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

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**NOTICE TO READER**

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 unaudited condensed interim financial statements of Surrey Capital Corp. ("**Corporation**") have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited interim condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's independent auditor.

**SURREY CAPITAL CORP.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015 AND 2014**

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## Management's Responsibility

To the Shareholders of Surrey Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards (“**IFRS**”) that have been incorporated into Canadian Generally Accepted Accounting Principles (“**CGAAP**”) and ensuring that all information in the management discussion and analysis is consistent with these financial statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors (“**Board**”) is composed primarily of directors who are neither management nor employees of Surrey Capital Corp. and the Audit Committee is comprised of independent directors. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and with the external auditors. The Board is also responsible for recommending the appointment of the external auditor of Surrey Capital Corp.

/s/ “James W.G. Turner”

James W.G. Turner  
Chief Executive Officer

Toronto  
November 26, 2015

**SURREY CAPITAL CORP.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(All Amounts are in Canadian Dollars)**

As at

September 30, 2015

June 30, 2015

**ASSETS**

CURRENT

Cash and cash equivalents	\$ 187,216	\$ 243,141
Sundry receivables (Note 6)	4,664	20,164
Prepaid expenses	<u>14,917</u>	<u>18,986</u>
	206,797	282,291
Investment in intellectual assets (Note 7)	<u>348,413</u>	<u>325,133</u>
	<u>\$ 607,424</u>	<u>\$ 607,424</u>

**LIABILITIES**

CURRENT

Accounts payable and accrued liabilities (Note 8 and 9)	\$ <u>70,454</u>	\$ <u>94,724</u>
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**SHAREHOLDERS' EQUITY**

SHARE CAPITAL (Note 10)

Issued and Outstanding (2015 - 27,977,670, 2014 - 15,000,000)	667,081	667,081
CONTRIBUTED SURPLUS (Note 11)	33,256	33,256
ACCUMULATED DEFICIT	<u>(215,581)</u>	<u>(187,637)</u>
	<u>484,756</u>	<u>512,700</u>
	<u>\$ 555,210</u>	<u>\$ 607,424</u>

Nature of Organization (Note 1)  
 Commitments and Contingency (Note 12)

Approved on behalf of the board of directors:

/s/ "Elliott Jacobson"  
 Elliott Jacobson, Director

/s/ "Richard Barnowski"  
 Richard Barnowski, Director

**SURREY CAPITAL CORP**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(All Amounts are in Canadian Dollars)**

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	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, July 1, 2014	15,000,000	\$ 83,970	\$ ---	\$ (58,242)	\$ 25,728
Net loss for the year	---	---	---	(2,603)	(2,603)
Balance, September 30, 2014	27,977,670	\$ 83,970	\$ ---	\$ (60,845)	\$ 23,125
Balance, July 1, 2015	27,977,670	\$ 667,081	\$ 33,256	\$ (187,637)	\$ 512,700
Net loss for the year	---	---	---	(27,944)	(27,944)
Balance, September 30, 2015	27,977,670	\$ 667,081	\$ 33,256	\$ (215,581)	\$ 484,756

**SURREY CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(All Amounts are in Canadian Dollars)

**For the Period from July 1,  
To September 30,**

**2015**

**2014**

**EXPENSES**

General and administrative (Note 13)	\$ 7,736	\$ 875
Business development	490	---
Professional fees	<u>19,500</u>	<u>550</u>

**LOSS BEFORE UNDERNOTED** (27,726) (1,425)

**FOREIGN EXCHANGE LOSS** (233) ---

**INTEREST EXPENSE** (3) (1,178)

**INTEREST INCOME** 18 ---

**NET LOSS AND COMPREHENSIVE LOSS** \$ (27,944) \$ (2,603)

**NET LOSS PER COMMON SHARE**

Loss per common share – basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>
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Weighted average number of common shares outstanding – basic and diluted	<u>27,977,670</u>	<u>15,000,000</u>
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**SURREY CAPITAL CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(All Amounts are in Canadian Dollars)**

**For the Period from July 1,  
To September 30,**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year and for the period	\$ (27,944)	\$ (2,603)
Net change in operating assets and liabilities		
Sundry receivable	15,500	587
Prepaid expenses	4,089	---
Accounts payable and accrued liabilities	<u>24,270</u>	<u>2,921</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(32,645)</u>	<u>(905)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from related parties	---	180
Proceeds from notes payable	---	1,047
Proceeds from issuance of common shares	<u>---</u>	<u>---</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>---</u>	<u>1,227</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in intellectual assets (Note 6)	<u>(23,280)</u>	<u>(2,192)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<u>(23,280)</u>	<u>(2,192)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(55,925)	(60)
<b>CASH AND CASH EQUIVALENTS</b>		
- Beginning of the period	<u>243,141</u>	<u>106</u>
<b>CASH AND CASH EQUIVALENTS</b>		
- End of the period	<u>\$ 187,216</u>	<u>\$ 46</u>
<b>CASH AND CASH EQUIVALENTS, represented as follows:</b>		
Cash	\$ 57,216	\$ 46
Short-term deposit	130,000	---
<b>SUPPLEMENTAL INFORMATION</b>		
Interest received	\$ —	\$ 19
Interest paid	—	—
Income taxes paid	—	—

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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## **1. Nature of Organization**

### *Description of the Business*

Surrey Capital Corp. (the “**Corporation**”) was incorporated under the Business Corporations Act (*Ontario*) on September 13, 2010. The business of the corporation is technology and it has one wholly owned subsidiary, Mobilman Management Inc (“**MM**”). MM, whose operations and assets are in Quebec, was incorporated on May 30, 2013. The Corporation’s principal offices are located at 7758, 1<sup>st</sup> Avenue, Quebec City, Quebec, G1H 2Y2.

Effective June 30, 2015, the Corporation completed a transaction with MM, an entity incorporated under the Canada Business Corporations Act (“**CBCA**”). This transaction was accounted for as a reverse takeover as the control of the Corporation was acquired by the former shareholders of MM. Therefore, these consolidated financial statements include the accounts of the Corporation and its subsidiary, MM. Although legally, Surrey Capital Corp. (“**Legal Parent**”) is regarded as the legal parent or continuing company, MM, whose shareholders now hold more than 50% of the voting shares of the Corporation, is treated as the acquirer under International Financial Reporting Standards (“**IFRS**”). Consequently, the Legal Parent is deemed a continuation of MM and control of the assets and business of Surrey Capital Corp, is deemed to have been acquired in consideration for the issuance of the shares.

These unaudited condensed interim consolidated financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on November 26, 2015.

### *Basis of Operations*

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These audited consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue its operations.

As a technology development Corporation, funding to meet its development and commercialization budget as well as working capital is dependent on the Corporation’s ability to issue common shares or borrow funds. While the Corporation currently has sufficient funds on hand to meet its budget for the foreseeable future, there is no certainty that the Corporation will be able to raise sufficient funds beyond this period.

## **2. Basis of Presentation**

### *Statement of Compliance*

These unaudited condensed interim financial statements for the three month period from July 1, 2015 to September 30, 2015 have been prepared by management in accordance International Accounting Standards (“**IAS**”) 34 – Interim Financial Reporting under International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and incorporated into Canadian Generally Accepted Accounting Principles (“**CGAAP**”). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board (“**IASB**”) and interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”). These financial statements have not been reviewed by the Corporation’s external auditors.



**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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### 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements.

#### *Basis of Consolidation*

The unaudited condensed interim consolidated financial statements of the Corporation include the accounts of Surrey Capital Corp. and Mobilman Management Inc. All inter-company transactions have been eliminated.

#### *Basis of Measurement*

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### *Use of Estimates and Judgments*

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 4.

#### *Functional and presentation currency*

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

#### *Transactional Costs*

The costs incurred relating to transactional costs are expensed as incurred.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

#### *Intellectual Assets*

The Corporation capitalizes development costs of internally generated assets that meet the criteria for capitalization. These assets are recorded at costs net of accumulated impairment losses, if any.

Intangibles are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any. Amortization on an asset does not begin until the asset is available for usage. Amortization is provided using methods outlined below at rates intended to amortize the cost of intangibles less, their estimated residual values, over their estimated useful lives.

Intangibles	Depreciation method and Rate	Useful Life
Core Software	5 years straight line	Finite
Computer software	3 years straight line	Finite
Customer list	4 years straight line	Finite
Licenses	4 years straight line	1 year to Finite

Intangibles include computer software, customer list and goodwill. Licenses have indefinite lives and are not amortized. The new Core Software is in the final development stage and amortization has not yet begun. Intangibles acquired separately are measured on initial recognition at cost.

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

**Intangibles acquired separately**

Intangibles with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangibles with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Internally-generated intangibles**

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangibles is the sum of the expenditure incurred from the date when the intangibles first meets the recognition criteria listed above. Where no internally-generated intangibles can be recognized, development expenditure is recognized in the Consolidated Statement of Operations and Comprehensive Loss in the period in which it is incurred.

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

**Intangibles acquired in a business combination**

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

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

**Derecognition of intangibles**

An intangible is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible, measured as the difference between the net disposal proceeds and the carrying amount of the intangible, is recognized in profit or loss when the asset is derecognized.

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its property and equipment and intangibles to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangibles with indefinite useful lives and intangibles not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Operations and Comprehensive Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Operations and Comprehensive Loss.

*Long-lived Assets*

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The amount of the write-down is recognized in the Statement of Operations and Comprehensive Loss as a non-cash charge. An impairment loss is recognized when the carrying value of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its discounted cash flow.

*Impairment of non-financial assets*

The Corporation's assets are reviewed for indications of impairment at each statement of financial position's date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

*Transactional Costs*

The costs incurred relating to transactional costs are expensed as incurred.

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

*Deferred Financing Costs*

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to statements of operations and comprehensive loss.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common share are charged to capital stock upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

*Income Taxes*

Income tax expense comprises current and deferred tax. Income tax is recognized in the statements of operations and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

*Current Income Tax*

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

*Deferred Tax*

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

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

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise upon initial recognition of goodwill or arise on initial recognition of assets and liabilities acquired other than in a business combination where at the time of transaction effects neither accounting profit or taxable income (tax loss).

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

*Earnings (Loss) Per Share*

Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net loss applicable to common shares by the diluted weighted average number of shares which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation. Any shares or options considered anti-dilutive are not added to the number of shares outstanding.

*Non-derivative Financial Instruments*

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

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

*Fair Value Through Profit or Loss*

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the Statement of Operations and Comprehensive Loss within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

*Other Financial Liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

*Impairment of financial assets*

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events, which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

The following is a summary of significant categories of financial instruments outstanding at September 30, 2015:

Cash and cash equivalents	Fair value through profit and loss
Other receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Carrying value and fair value of financial assets and liabilities are summarized as follows:

Classification	Carrying Value	Fair value
Fair value through profit and loss	\$ 187,216	\$ 187,216
Loans and receivables	4,664	4,664
Other financial liabilities	70,454	70,454

*Fair Value Hierarchy*

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

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of September 30, 2015 and June 30, 2015, cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

**SURREY CAPITAL CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(All Amounts are in Canadian Dollars)**

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**3. Summary of Significant Accounting Policies – continued**

*Share-based Payments*

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to earnings over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received together with the amount previously recorded in contributed surplus, are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option-pricing model.

*Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

*Warrants*

The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

*Newly Adopted Accounting Standards*

The Corporation has applied the following new and revised IFRS in these financial statements:

- IAS 28, "Investment in Associates and Joint Ventures" (amendment);
- IAS 32, "Financial Instruments: Presentation" (amendment);
- IFRS 7, "Financial Instruments: Disclosure" (amendment);

The adoption of these new and revised standards and interpretations did not have significant impact on the Corporation's consolidated financial statements.

*Accounting Standards Issued But Not Yet Effective*

The Corporation has reviewed recently issued and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15, issued in May 2014, will specify how and when entities recognize, measure, and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including 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.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard on its financial statement.

**SURREY CAPITAL CORP.**  
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#### **4. Summary of Accounting Estimates and Assumptions**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

##### *Fair Value of Financial Instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

##### *Share-Based Payment Transactions*

The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 11.

##### *Income Taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

#### **5. Reverse Take-Over of the Corporation**

As a result of the acquisition of MM by the Corporation in June 2015, the former shareholders of Mobilman own 69.78% of the outstanding shares of the Corporation. In accordance with IFRS 3, the substance of this transaction is a reverse take-over of a non-operating company because Surrey Capital Corp. did not constitute a business prior to the reverse take-over.

Accordingly, the take-over of Surrey Capital Corp. is accounted for under IFRS 2 at the fair value of the equity instruments of the Company granted to the shareholders of MM. The difference between the net assets acquired and the fair value of the consideration granted has been classified as a share listing and transaction cost expense on the Consolidated Statement of Operations and Comprehensive Loss.

The fair value of the consideration is determined based on the percentage of ownership of Surrey Capital Corp. have in the combined entity after the reverse take-over. This represents the fair value of the shares the MM would have issued for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of MM acquiring 100% of the shares of the Corporation.

Based on the statements of financial position of Surrey Capital Corp. at the time of the reverse take-over, the net assets at estimated fair value that were acquired by MM were \$160,326 and the resulting share listing and transaction cost expense charged to the Consolidated Statement of Operations and Comprehensive Loss is as follows:



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**5. Reverse Take-Over of the Corporation – continued**

Consideration	
Deemed issue of MM shares	<u>\$ 276,591</u>
Identifiable assets acquired net of liabilities	<u>\$ 160,326</u>
Deemed share listing expense	<u>\$ 116,265</u>

**6. Sundry Receivables**

	September 30, 2015	June 30, 2015
HST/GST/QST receivable	\$ 4,657	\$ 20,131
Interest receivable	7	33
	<u>\$ 4,664</u>	<u>\$ 20,164</u>

**7. Investment in Intellectual Asset**

The Corporation is currently developing the Mobilman application which is a Software-as-a Service cloud based solution accessible via secured webportals and mobile devices to help manage an organization's mobile workforce and resources. The direct features and functionality of the software includes time tracking, project management, customer dispute resolutions and invoicing across multiple projects.

Balance, July 1, 2014	205,132
Additions	<u>120,001</u>
Balance, June 30, 2015	325,133
Additions	<u>23,280</u>
Balance, September 30, 2015	<u>\$ 348,413</u>

Additions related to the direct costs of developing the Mobilman application, which include labour, subcontractors, and direct overhead.

The Corporation completed an impairment assessment in June 2015, which did not demonstrate any impairment as the Corporation has sufficient resources to complete the development of the application and bring it to market.

**8. Accounts payable and accrued liabilities**

	September 30, 2015	June 30, 2015
Trade payables	\$ 69,879	\$ 94,149
Due to Directors and Officers	575	575
	<u>\$ 70,454</u>	<u>\$ 94,724</u>

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## **9. Related Party Transactions**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts, other than the long-term obligation, are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

During the period, in the normal course of its business, the Corporation recorded expenses amounting to \$Nil (2015 - \$573) for rent, insurance, utilities and for other costs paid to a company owned by a shareholder of the Corporation.

As of September 30, 2015, \$575 (June 30, 2015 - \$575) was due to related parties and is included in due to related parties in accounts payable and accrued liabilities.

During the period ending September 30, 2015, the Corporation did not receive or reimburse amounts to or from directors or officers. In the year earlier period the Corporation received \$180 from a firm with common directors and officers as well as \$1,047 from a firm with common significant shareholders.

These transactions are in the normal course of operations and have been measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

## **10. Share Capital**

- Authorized and issued

The Corporation is authorized to issue an unlimited number of common shares and unlimited preferred shares.

### **b) Escrow Shares – From Initial Public Offering (“IPO”)**

All of the 2,500,000 common shares issued prior to the IPO and all common shares that may be acquired from treasury of the Corporation by Non Arm’s Length Parties, as defined in the policies of the TSX Venture Exchange (“TSXV”), of the Corporation prior to completion of the Qualifying Transaction are deposited with an escrow agent under the escrow agreement.

All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the TSXV. In addition, all common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the TSXV, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

On March 13, 2013, the legal parent, Surrey, completed its Qualifying Transaction authorizing beginning of the release of common shares held in escrow in accordance with Policy 2.4 of the TSXV. As of September 30, 2015, 375,000 common shares remain in escrow and will be released on March 13, 2016:

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**10. Share Capital – continued**

c) Escrow Shares – From Acquisition of Mobilman Management Inc.

Upon the acquisition of MM by Surrey on June 30, 2015, all of the securities issued to insiders of the Corporation which were issued for either cash, being 433,350 Common Shares, or for the acquisition of MM, being 18,151,126 Common Shares, were placed in escrow, in accordance with the policies of the Canadian Securities Exchange “Exchange”). In addition, of the 18,151,126 Common Shares issued for the acquisition of MM, 12 million was placed under a super escrow agreement, which required that the Corporation to file with applicable Canadian securities regulators interim financial statements evidencing positive net income and positive comprehensive income for an interim period after the date of the acquisition of MM.

The 5,757,252 common shares placed under the Exchange mandated required escrow agreement will be released in accordance with the Exchange policies. As of June 30, 2015, 5,181,527 common shares remained in escrow and will be released as follows:

Date	Quantity
December 30, 2015	863,588
June 30, 2016	863,588
December 30, 2016	863,588
June 30, 2017	863,588
December 30, 2016	863,588
June 30, 2018	863,587

With regards to the 12 million common shares placed in a super escrow, they will be release upon the Corporation filing with applicable Canadian securities regulators interim consolidated financial statements evidencing positive net income and positive comprehensive income for an interim period after the date of the acquisition of MM but not before the following:

Date	Quantity
June 30, 2015	1,200,000
December 30, 2015	1,800,000
June 30, 2016	1,800,000
December 30, 2016	1,800,000
June 30, 2017	1,800,000
December 30, 2016	1,800,000
June 30, 2018	1,800,000

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**11. Contributed Surplus**

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, July 1, 2014 and 2015	\$ ---	\$ ---	\$ ---	\$ ---
Acquisition of Surrey	17,531	15,725	---	33,256
Balance, September 30, 2015	\$ 17,531	\$ 15,725	\$ ---	\$ 33,256

The Corporation's Incentive Stock Option Plan (the "Plan") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Corporation's common shares on the date of the grant to directors, officers, employees and consultants to the Corporation. The option period for options granted under the Plan is for a maximum period of 10 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Corporation at the price specified in the terms of the option.

In order to fair value the incentive stock options, the Corporation utilizes the Black Scholes option-pricing model. There were no incentive stock options granted by either Surrey Capital Corp. or Mobilman Management Inc. during the preceding two fiscal years. However, the incentive stock options that are outstanding as at June 30, 2015 were previously issued by Surrey Capital Corp. and continue to be outstanding in accordance with the terms of their granting.

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, July 1, 2014	---	\$ N/A
Acquisition of Surrey	726,469	0.10
Granted	---	N/A
Exercised	---	N/A
Cancelled	---	N/A
Forfeited	---	N/A
Balance, June 30, 2015 and September 30, 2015	726,469	\$ 0.10

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at September 30, 2015.

Exercise Price	Outstanding			Exercisable		
	Options Outstanding	Expiry Date	Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price
\$ 0.10	74,280	January 27, 2016	0.4 years	\$ 0.10	74,280	\$ 0.10
0.10	502,189	January 27, 2021	5.2 Years	0.10	502,189	0.10
0.10	150,000	June 3, 2023	7.5 Years	0.10	150,000	0.10

In order to fair value the warrants, the Corporation utilizes the Black Scholes option-pricing model. There were no warrants issued by either Surrey Capital Corp. or Mobilman Management Inc. during the preceding two fiscal years.

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**12. Commitments and Contingency**

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As at September 30, 2015, no issues were outstanding.

**13. General and Administrative Expenses**

For the period from July 1, To September 30,	2015	2014
Bank charges	\$ 135	\$ 100
Insurance	---	48
Premises	3,445	614
Regulatory fees	4,156	---
Remuneration	---	113
	\$ 7,736	\$ 875

**14. Risk Management**

The Corporation manages its common shares, stock options, warrants and accumulated deficit as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash on its balance sheet.

The Corporation's capital structure is as follows:

	September 30, 2015	June 30, 2015
Share capital	\$ 667,081	\$ 667,081
Contributed surplus	33,256	33,256
Accumulated deficit	(215,581)	(129,395)
	\$ 484,756	\$ 512,700

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Management reviews its approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

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## **15. Financial Instruments**

### **Transactional Risk**

The Corporation does not use hedging transactions to manage risk. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages risk as follows:

### **Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The ability to do this relies on the Corporation raising capital through equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2015, the Corporation had \$243,141 cash and cash equivalents to settle \$70,454 of current liabilities (June 30, 2015 - \$\$243,141 cash and cash equivalent to settle \$94,724 of current liabilities).

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk as at September 30, 2015 and June 30, 2015.

### **Market Risk**

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

### **Credit Risk**

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

As of the date of these financial statements the Corporation's only debtor is the government of Canada for Goods and Sales Tax ("HST") and Government of Quebec for the Quebec Sales Tax ("QST") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk as at September 30, 2015 and June 30, 2015.

### **Currency Risk**

Currency risk is the risk that changes in exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to material foreign currency risk as at September 30, 2015 and June 30, 2015.

### **Other Price Risk**

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk as at September 30, 2015 and June 30, 2015.

### **Fair Values**

Financial instruments include cash and cash equivalents, interest receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as financial assets at fair value through profit and loss, interest receivables as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

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**16. Subsequent Events**

Subsequent to September 30, 2015, the Corporation granted 25,000 incentive stock options to an employee.