Certive Solutions Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in U.S. Dollars)

For the Three Months Ended August 31, 2014

NO Auditor Review of the Condensed Consolidated Interim
Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Certive Solutions Inc. ("the Company"), for the three-month period ended August 31, 2014 have been prepared by management and have not been the subject of a review by the Company's external independent auditor.

Certive Solutions Inc.

Vancouver, British Columbia
October 29, 2014

Certive Solution Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in U.S. Dollars)

	Notes	August 31, 2014 (unaudited)	May 31, 2014 (audited)
ASSETS			
Current			
Cash		$ 97,421	$ 101,802
Receivables	**6**	311,530	18,654
Prepaid and other assets		46,000	20,000
Due from related parties	**14**	213,769	274,263
		$ 668,720	$ 414,719
Capital assets	**7**	6,848	-
Goodwill	**8**	3,290,300	-
Investment in software license and non-refundable deposit		1	1
		$ 3,965,869	$ 414,720
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**9**	$ 1,379,133	$ 374,700
Convertible debt	**10**	1,976,328	330,022
Short term loan	**11**	992,026	137,350
		$ 4,347,487	$ 842,072
SHAREHOLDERS' EQUITY			
Share capital	**12**	12,515,271	12,515,271
Reserve - Transactions costs		(144,689)	(144,689)
Equity portion of convertible debt	**10**	256,259	83,886
Contributed surplus		445,933	445,933
Deficit		(13,454,392)	(13,327,753)
		$ (381,618)	$ (427,352)
		$ 3,965,869	$ 414,720

Nature of operations and going concern (Note 1)

ON BEHALF OF THE BOARD:

"Brian Cameron" Director	*"Van Potter"* Director
Brian Cameron	Van Potter

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

Certive Solution Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in U.S. Dollars)

	Note	3 months ended August 31, 2014 (unaudited)	August 31, 2013 (unaudited)
REVENUE		$ 903,285	$ -
EXPENSES			
Advertising and promotion		$ -	$ 4,850
Bank charges and interest expense		**57,361**	54,362
Business development		-	-
Commission		**18,129**	-
Consulting fees		**127,233**	0
Corporate finance		-	-
Director's fees	**14**	**62,300**	136,000
Foreign exchange loss		**23,627**	17,815
General and administrative		**57,225**	20,064
Investor relations		**85,630**	39,600
Payroll		**496,144**	-
Professional fees		**36,611**	31,380
Rent		**31,935**	-
Sales and marketing		**9,660**	226,899
Transfer agent and filing fees		**2,863**	3,210
Travel and promotion		**21,206**	4,602
		$ 1,029,924	$ 538,782
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		$ (126,639)	$ (538,782)
Basic and diluted loss per common share		$ -	$ -
Weighted average number of common shares outstanding		26,691,322	30,984,021

Certive Solution Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in U.S. Dollars)

	3 months ended August 31, 2014 (unaudited)	3 months ended August 31, 2013 (unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (126,639)	$ (538,782)
Changes in non-cash working capital:		
Due from related party	60,494	(39,847)
Short term loan	854,676	51,987
Receivables	(292,876)	(1,732)
Prepaid and other asets	(26,000)	-
Accounts payable and accrued liabilities	1,004,433	(107,566)
Net cash used in operating activities	1,474,088	(635,940)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital assets	(6,848)	-
Goodwill	(3,290,300)	-
Net cash used in investing activities	(3,297,148)	-
CASH FLOWS USED IN FINANCING ACTIVITIES		
Convertible debt	1,818,679	(1,149)
Issuance of common shares	-	800,000
Net cash used in financing activities	1,818,679	798,851
CHANGE IN CASH DURING THE YEAR	(4,381)	162,911
CASH, BEGINNING OF QUARTER	101,802	3,623
CASH, END OF QUARTER	$ 97,421	$ 166,534
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 2,814	$ -
Cash paid for income taxes	-	-

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

Certive Solution Inc.

Condensed Consolidated Statements of Changes in Equity
(Expressed in U.S. Dollars)

	Number of Shares	Share Capital	Reserve Transaction costs	Contributed Surplus	Equity Portion of Convertible debt	Deficit	Total Equity
Balance as at May 31, 2013 (audited)	**28,317,354 $**	**9,559,101 $**	**- $**	**445,933 $**	**80,942 $**	**(11,196,848) $**	**(1,110,872)**
Common shares issued for:							
Cash - $0.15	2,666,667	400,000	-	-	-	-	400,000
Loss and comprehensive loss	-	-	-	-	-	(538,782)	(538,782)
Balance as at August 31, 2013 (unaudited)	**30,984,021**	**9,959,101**	**-**	**445,933**	**80,942**	**(11,735,630)**	**(1,249,654)**
Equity portion of convertible debt	-	-	-	-	2,944	-	2,944
2:1 Share consolidation	(15,490,700)	-	-	-	-	-	-
Private placement - $0.1	24,114,810	2,411,481	-	-	-	-	2,411,481
Treasury order - $0.1	1,430,960	144,689	(144,689)	-	-	-	-
Loss and comprehensive loss	-	-	-	-	-	(1,592,123)	(1,592,123)
Balance at at May 31, 2014 (audited)	**41,039,091 $**	**12,515,271 $**	**(144,689)**	**445,933 $**	**83,886 $**	**(13,327,753) $**	**(427,352)**
Equity portion of convertible debt	-	-	-	-	172,373	-	172,373
Loss and comprehensive loss	-	-	-	-	-	(126,639)	(126,639)
Balance as at August 31, 2014 (unaudited)	**41,039,091 $**	**12,515,271 $**	**(144,689)**	**445,933 $**	**256,259 $**	**(13,454,392) $**	**(381,618)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Certive Solutions Inc. ("the Company") was incorporated under the Laws of British Columbia. The Company is traded on the Canadian National Stock Exchange ("CNSX").

The unaudited condensed consolidated interim financial statements of the Company are presented in U.S. dollars, which is the functional currency of the Company, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies and has a working capital deficit of $3,678,767 (2013 - $846,711), a loss for the quarter of $126,639 (2013 - $538,782) and a deficit of $13,454,392 (2013 - $11,735,630).

Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its operations.

2. BASIS OF PRESENTATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Consolidated Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these unaudited condensed consolidated interim financial statements are in accordance with IFRS.

These unaudited condensed consolidated interim financial statements were authorized by the audit committee and board of directors of the Company on October 29, 2014

2. BASIS OF PRESENTATION (cont'd…)

Use of estimates and judgments

The preparation of the unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Depreciation

The Company's management exercises its judgment in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Company intends to derive future economic benefits from the use of these assets. The Company depreciates its capital assets in accordance with the accounting policies stated in Note 3.

ii) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

iii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the U.S. dollars. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the unaudited condensed consolidated interim financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Advantive Information Systems Inc.	Vancouver, BC	100%	Information Technology
VisualVault Technologies Inc.	Scottsdale, Arizona	100%	Information Technology

Foreign exchange

Transactions in currencies other than the U.S. dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

Cash

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their useful life. The Company regularly reviews its capital assets to eliminate obsolete items. In the year of acquisition, amortization is calculated at one-half of the amortization rate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

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

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

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

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

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash as fair value through profit or loss. The Company's receivables and due from related parties are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities (cont'd…)

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

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category includes short term loans, promissory notes, convertible debts, amounts due to related parties, and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that 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 profit or loss.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue recognition

i) Contract revenue – Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

ii) Rendering of services – Revenue from the installation of consulting services, capital cost recapture and debt collection is recognized when billed to the customer. Invoices are issued to customers when the service is rendered and all risks are transferred.

The company recognized $903,285 as revenue during the three months ended August 31, 2014 (2013 - $nil).

Application of new and revised International Financial Reporting Standards

Effective June 1, 2013, the Company adopted the following new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB").

Amendment to IFRS 7 Financial Instruments: Disclosure – The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

New standard IFRS 13 Fair Value Measurement – IFRS 13 defines fair value, summarizes the methods of determining fair value, and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements. The application of this IFRS had an immaterial impact on disclosures within the notes to the financial statements.

Amended standard IAS 1 Presentation of Financial Statements – The amendments to IAS 1 pertain to the number of comparative financial statements required in different circumstances and disclosure required in the statement of comprehensive loss. The application of this IFRS had an immaterial impact on disclosures within the statement of comprehensive loss.

Amended standard IAS 32 Financial Instruments: Presentation – The amendments to IAS 32 clarify the treatment of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The amendments to IAS 32 also pertained to the application guidance on the offsetting of financial assets and financial liabilities.

Amended standard IAS 36 Impairment of Assets – The amendments to IAS 36 outline the additional disclosures that will be required with regards to the recoverable amount of impaired assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as at August 31, 2014, and have not been applied in preparing the financial statements. The Company has not early adopted any of these standards and is currently evaluation the impact, if any, that these standards might have on its financial statements.

(a) *Effective for annual periods beginning on or after January 1, 2014*

Amended standard IFRS 7 Financial Instruments: Disclosures – The amendments to IFRS 7 outline the disclosures required when initially applying *IFRS 9 Financial Instruments*.

(b) *Effective date not yet determined*

New standard IFRS 9 Financial Instruments – Partial replacement of *IAS 39 Financial Instruments: Recognition and Measurement*. The mandatory effective date has been removed from the standard and will only be replaced when all sections of the standard have been completed.

Interest-bearing loans and other borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

4. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company 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 Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares 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 Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the three months ended August 31, 2014.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, due from related parties, accounts payable and accrued liabilities, convertible debt, due to related parties and short term loan.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of convertible debt is measured on the statement of financial position using level 2 of the fair value hierarchy.
The fair values of receivables, due from related parties, accounts payable and accrued liabilities, due to related parties and short term loan approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of harmonized sales tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at August 31, 2013 the Company has no financial assets that are past due or impaired due to credit risk defaults.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar as the Company's head office and operations are in Canada. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

(Expressed in U.S. Dollars)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

6. RECEIVABLES

	August 31, 2014 (unaudited)	May 31, 2014 (audited)
Amounts due from the Government of Canada pursuant to GST input tax credits	$ 18,572	$ 18,673
Trade receivables	312,978	20,000
Other receivables	(20)	(20)
Allowance for doubtful account	(20,000)	(20,000)
Total	$ 311,530	$ 18,653

7. CAPITAL ASSETS

	Furniture and Equipment
Balance as at May 31, 2014	$ -
Assets acquired	7,471
Depreciation	(623)
Balance as at August 31, 2014	$ 6,848

Depreciation of $623 is included in general and administrative expenses for the three months ended August 31, 2014.

(Expressed in U.S. Dollars)

8. GOODWILL

The goodwill arises as follows:

Balance as at May 31, 2012	$	4,222,190
Impairment of Goodwill		(4,222,190)
Balance as at May 31, 2013		-
Acquisition of Titan Health Management Solutions Inc.	$	2,711,000
Acquisition of Knowledge Capital Alliance		579,300
Balance as at May 31, 2014		3,290,300

Acquisition of the Assets of Titan Health Management Solutions Inc.

On July 3, 2014, the Company closed the purchase of the assets of Titan Health Management Solutions Inc. of Tucson Arizona. The assets acquired include all of the computer hardware and software necessary to conduct the business, the contracts that Titan Health has with its hospital customers, the brand and logos of Titan, and all of the intellectual properties used by Titan Health to conduct its business.

The purchase price for the purchased assets was two million seven hundred and eleven U.S. dollars ($2,711,000 USD). The Company paid Titan Health one hundred thousand U.S. dollars ($100,000 USD) in cash on July 3, 2014. The Company will pay to Titan Health two hundred and eight thousand U.S. dollars ($208,000 USD) in cash on or before October 15, 2014.

In addition, the Company has signed a convertible promissory note, in original principal amount of one million eight hundred thousand U.S. dollars ($1,800,000 USD), which Convertible Note shall provide for payment, plus accrued and unpaid interest, to be paid on or before December 31, 2015, if not otherwise converted into shares of the Company.

The Company will issue to Titan Health a total of 1,000,000 common shares of Company in partial payment of the purchase price

The Company will also issue to Titan Health a total of 1,250,000 preferred shares of Company at the closing in partial payment of the Purchase Price which are convertible on a 1 for 1 basis into common shares of the Company on the following basis; Upon Titan Health generating cumulative aggregate gross revenues in the amount of $4,200,000 in incremental revenue commencing July 1, 2014 and continuing until such cumulative gross revenues have been attained.

8. GOODWILL (cont'd…)

Acquisition of the Assets of Knowledge Capital Alliance Inc.

On August 31, 2014 the Company, acquired 100% of the assets of Knowledge Capital Alliance ("**KCA**") of Phoenix, Arizona. The assets acquired include all of the computer hardware and software necessary to conduct the business, the contracts that KCA has with its customers, the brand and logos of KCA, and all of the intellectual property used by KCA to conduct its business.

The purchase price for the assets was five hundred and seventy nine thousand three hundred U.S. dollars, (US$579,300), and will be paid by as follows:

a) The Company will pay to KCA seventy two thousand U.S. dollars (US$72,000, in two equal tranches of US$36,000, one payment due on or before January 1, 2015, subject to the satisfactory transfer of all scheduled contracts, and the other due on or before January 1, 2016.

b) The Company will issue to KCA a total of 900,000 common shares of its capital stock at a deemed price of $0.30 per share. Upon issuance, the Closing Shares shall be validly authorized and issued, fully paid, and non-assessable.

c) The Company shall assume the KCA obligation to a promissory note with Tom Keller ("**Keller**") in the amount of US$256,200 on the condition that the note is retired from the KCA cash flow.

The Company entered into transition services agreements with both Titan Health and KCA effective June 1, 2014 and accordingly all of the financial affairs of both companies will be consolidated with that of the Company's effective June 1, 2014 insofar as the Company had complete financial control of both enterprises as of that date.

(Expressed in U.S. Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Falling due within the next twelve months	August 31, 2014 (unaudited)	May 31, 2014 (audited)
Trades payable	$ 1,227,702	$ 252,824
Accrued liabilities	151,431	121,876
Total	$ 1,379,133	$ 374,700

10. CONVERTIBLE DEBT

The Company issued convertible notes during the quarter in the amount of $1,800,000. The debt bears interest at 5% and is due on December 31, 2015. The entire amount can be converted into 2,250,000 common shares (a deemed conversion price of $0.80 per share).

On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at the time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The difference is attributed to the equity component of the compound financial instrument.

Therefore, we have derecognized the liability component of $172,373 and recognized this as equity in accordance with IAS 32. The market rate for similar debt was determined to be 12%.

The initial recognition of the liability component of convertible debt is as follows:

	August 31, 2014 (unaudited)
Convertible debt issued during the year	$ 1,800,000
Transaction costs	-
Equity portion of convertible debt	(172,373)
Present value of the liability component of convertible debt	$ 1,627,627

(Expressed in U.S. Dollars)

10. CONVERTIBLE DEBT (cont'd…)

The equity component of convertible debt is recognized as follows:

Balance as at May 31, 2013	$	80,942
Equity portion of convertible debt		2,944
Balance as at May 31, 2014	$	83,886
Addition of convertible debt - equity portion	$	172,373
Balance as at August 31, 2014	$	256,259

A reconciliation of the liability component of convertible debt is as follows:

Balance as at May 31, 2013	$	306,847
Undwinding of discount		23,175
Balance as at May 31, 2014	$	330,022
Addition of convertible debt - liability component		1,627,627
Unwinding of discount		18,679
Balance as at August 31, 2014	$	1,976,328

11. SHORT TERM LOANS

The promissory note in an amount of $208,000 payable to Titan Health has an annual interest rate of 5% and the maturity date is September 1, 2014. The promissory note is fully secured against all of the assets of the Company. The interest expense for the quarter ended August 31, 2014 is $1,795 (2013 - $nil).

The remaining short term loans have no terms of repayment, are non-interest bearing and are unsecured. The loan holders and the Company are currently in negotiations to extinguish the debt for shares.

12. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value
Unlimited Class A Preferred shares without par value, dividend at 12% of profits or surplus, redeemable at any time
Unlimited Class B Preferred shares without par value, dividend at 13% of profits or surplus, redeemable at any time.

Issued and outstanding

During the quarter ended August 31, 2014, the Company did not issue any shares.

During the year ended May 31, 2014, the Company:

i) On June 17, 2013, the Company issued 2,666,667 shares with a value of $400,000 for cash to an unrelated company.

ii) On October 7, 2013 the Company consolidated its share capital on a 2:1 basis, reducing the total outstanding number of shares by 15,490,700.

iii) On March 10, 2014 the Company issues 24,114,810 shares with value of $2,411,481 for cash and services as part of private placement.

iv) On April 2, 2014, the Company issued 1,430,960 shares with a value of $144,689 as settlement amount for finder's fees related to the private placement.

During the year ended May 31, 2013, the Company:

i) On June 18, 2012 the Company issued 15,600 shares with a value of $7,020 as part of a bonus on convertible debt.

ii) On June 20, 2012 the Company issued 24,400 shares with a value of $12,200 as part of a bonus on convertible debt.

iii) On June 28, 2012 the Company issued 96,000 shares with a value of $48,000 as part of a bonus on convertible debt.

iv) On August 22, 2012 the Company issued 20,000 shares with a value of $9,000 as part of a bonus on convertible debt.

v) On August 28, 2012 the Company issued 28,000 shares with a value of $12,600 as part of a bonus on convertible debt.

(Expressed in U.S. Dollars)

12. SHARE CAPITAL (cont'd…)

b) Stock options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of May 31, 2011				
Granted	400,000	0.60	-	-
Outstanding as of May 31, 2012, 2013 and 2014, and August 31, 2014	400,000	$ 0.60	-	$ -

The weighted average fair value of the stock options granted during the quarter ended August 31, 2014 was $0.06 per option.

c) Share purchase warrants

	Quarter Ended August 31, 2014	Year Ended May 31, 2014
Risk-free Interest rate	1.00%	1.00%
Expected life (in years)	2.00	2.00
Expected volatility	223.43	223.43

(Expressed in U.S. Dollars)

12. SHARE CAPITAL (cont'd…)

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance as at May 31, 2012	3,880,000		0.23
Granted	2,556,069		0.54
Expired/cancelled	(3,880,000)		1.00
Balance as at May 31, 2013	2,556,069	$	0.54
Granted	14,149,032		0.15
Expired/cancelled	-		-
Balance as at May 31 and August 31, 2014	16,705,101	$	0.21

13. BASIC AND DILUTED EARNING (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the quarter ended August 31, 2014 was based on the net loss attributable to common shareholders of $126,639 (2013 – $538,782) and the weighted average number of common shares outstanding of 26,691,322 (2013 – 30,984,021) respectively.

The Company does not have any instruments that would give rise to a dilution effect.

(Expressed in U.S. Dollars)

14. RELATED PARTY TRANSACTIONS

The Company's related parties consist of companies owned in whole or in part by executive officers and directors as follows:

Name	Position and nature of relationship
Canadian Data Preserve, Inc.	Company with Common Director - Brian Cameron
Advantive Information Management, Inc	Subsidiary
Certive Technologies Inc.	Subsidiary
Brian Cameron	Director
Van Potter	Director
John Ragan	Director
Jack Saltich	Director
John Shakleton	Director

The amounts due to or from the related parties are as follows:

	August 31, 2014 (unaudited)	May 31, 2014 (audited)
Canadian Data Preserve, Inc.	$ 270,813	$ 254,263
Brian Cameron	(15,450)	-
Van Potter	(41,594)	20,000
Total	$ 213,769	$ 274,263

(Expressed in U.S. Dollars)

14. RELATED PARTY TRANSACTIONS (cont'd…)

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost. There is no other remuneration of directors or other members of key management personnel during the quartered ended August 31, 2014 and 2013.

	August 31, 2014 (unaudited)	August 31, 2013 (unaudited)
Consulting and management fees	$ 20,000	$ 136,000
Director's fees	62,300	0
Total	$ 82,300	$ 136,000