TIO Networks Corp.

Condensed Interim Consolidated Financial Statements
(unaudited)
Quarter 1 – Fiscal 2014

October 31, 2013
(expressed in Canadian dollars)

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

The company's independent auditor has not performed a review of these 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 auditor.

TIO Networks Corp.

Consolidated Statements of Financial Position (unaudited)

	October 31 2013 $	July 31 2013 $
Assets		
Current assets		
Cash and cash equivalents (note 3)	5,432,037	4,578,696
Restricted cash (note 3)	3,046,931	46,292
Funds held to settle bill payment obligations	4,251,102	4,320,524
Accounts receivable	348,162	384,568
Prepaid expenses and deposits	384,273	415,941
Inventories	122,721	82,204
Total current assets	13,585,226	9,828,225
Non-current assets		
Property and equipment	766,669	841,613
Intangible assets	642,431	741,621
Deposits and other assets	142,836	122,945
TOTAL ASSETS	**15,137,162**	**11,534,404**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,683,910	1,627,198
Bill payment obligations	6,450,267	5,631,970
Current portion of obligations under finance lease	106,381	105,078
Current portion of asset retirement obligations	102,870	102,870
Current portion of leasehold inducement	57,181	57,181
Customer deposits and deferred revenue	330,745	362,357
Convertible promissory note (note 3)	3,000,000	-
Total current liabilities	11,731,354	7,886,654
Non-current liabilities		
Obligations under finance lease	290,939	321,205
Leasehold inducement and rent abatement	39,299	53,595
Asset retirement obligations	110,516	107,610
TOTAL LIABILITIES	12,172,108	8,369,064
Equity		
Share Capital	27,705,583	27,705,583
Contributed surplus	3,396,699	3,393,237
Accumulated other comprehensive income	(161,454)	(163,127)
Deficit	(27,975,774)	(27,770,353)
TOTAL EQUITY	2,965,054	3,165,340
TOTAL LIABILITIES AND EQUITY	**15,137,162**	**11,534,404**

Approved by the Board of Directors

(signed) Kenneth Cawkell Director *(signed) Hamed Shahbazi* Director

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

TIO Networks Corp.

Consolidated Statements of Income and Comprehensive Income (unaudited)

	Three months ended	
	October 31 2013	October 31 2012
	$	$
Revenue	8,261,332	10,481,213
Cost of sales excluding depreciation and amortization	6,305,448	8,161,676
	1,955,884	2,319,537
General and administration	1,058,056	943,518
Research and development	492,526	489,294
Selling and marketing	371,415	690,505
Depreciation	88,511	103,134
Amortization	103,264	43,344
Gain on disposition of property and equipment	(12,055)	(2,257)
Other (income) loss	-	(10,638)
	2,101,717	2,256,900
Income before foreign exchange and interest	(145,833)	62,637
Foreign exchange loss	(4,096)	(27,411)
Interest expense	51,183	47,622
	47,087	20,211
Income (Loss) before income taxes	(192,920)	42,426
Provision for income tax	12,501	11,846
Net income (loss) for the period	(205,421)	30,580
Other comprehensive income (loss) on foreign currency translation differences of foreign subsidiary	1,673	(13,717)
Total comprehensive income (loss) for the period	**(203,748)**	**16,863**
Net income (loss) per share		
Basic and diluted	(0.0044)	0.0007
Weighted average number of common shares	46,617,340	46,617,340

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

TIO Networks Corp.

Consolidated Statements of Changes in Equity (unaudited)

	Share Capital $	Contributed surplus $	Accumulated Other Comprehensive Income $	Retained Earnings (deficit) $	Total $
August 1, 2012	**27,705,583**	**3,377,660**	**(208,695)**	**(27,048,360)**	**3,826,188**
Net income	-	-	-	30,580	30,580
Stock-based compensation expense		-			-
Effects of foreign currency translation	-	-	(13,717)	-	(13,717)
October 31, 2012	**27,705,583**	**3,377,660**	**(222,412)**	**(27,017,780)**	**3,843,051**
August 1, 2013	**27,705,583**	**3,393,237**	**(163,127)**	**(27,770,353)**	**3,165,340**
Exercise of options	-	-	-	-	-
Net income	-	-	-	(205,421)	(205,421)
Stock-based compensation expense		3,462			3,462
Effects of foreign currency translation	-	-	1,673	-	1,673
October 31, 2013	**27,705,583**	**3,396,699**	**(161,454)**	**(27,975,774)**	**2,965,054**

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

TIO Networks Corp.

Consolidated Statements of Cash Flows (unaudited)

	Three months ended October 31 2013	Three months ended October 31 2012
	$	$
Cash flows from operating activities		
Net income for the period	(205,421)	30,580
Adjustments to reconcile net loss for the period to net cash used for operating activities:-		
Depreciation of property and equipment	94,923	109,546
Depreciation of leasehold inducement	(6,411)	(6,411)
Amorization of intangible assets	103,263	43,344
Rate abatement included in general and administration	(7,885)	(7,885)
Stock-based compensation expense	3,462	-
Gain on disposition of property and equipment	(12,055)	(2,257)
Unrealized foreign exchange	(8,975)	(13,233)
	(39,099)	**153,684**
Changes in non-cash working capital items:-		
Funds held to settle bill payment obligations	69,422	497,438
Accounts receivable	36,406	126,513
Prepaid expenses and deposits	31,668	196,421
Inventory	(40,517)	(46,768)
Accounts payable and accrued liabilities	56,712	(321,055)
Bill payment obligations	818,297	116,980
Customer deposits and deferred revenue	(31,612)	13,145
Restricted cash	(3,000,639)	897
Issuance of convertible promissory note	3,000,000	-
	939,737	**583,571**
Net cash generated from operating activities	**900,638**	**737,255**
Cash flows from investing activities		
Purchases of property and equipment	(6,610)	(70,823)
Purchases of intangibles	(4,073)	(83,238)
Proceeds on disposition of property and equipment	12,240	2,257
Decrease in deposits and other assets	(19,891)	46,382
Net cash generated from investing activities	**(18,334)**	**(105,422)**
Cash flows from financing activities		
Proceeds from issuance of common shares and units	-	-
Repayment of obligations under finance lease	(28,963)	(521)
Net cash generated from financing activities	**(28,963)**	**(521)**
(Decrease) increase in cash and cash equivalents	**853,341**	**631,312**
Cash and cash equivalents - Beginning of period	**4,578,696**	**3,259,424**
Cash and cash equivalents - End of period	**5,432,037**	**3,890,736**

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

1 Nature of operations

TIO Networks Corp. and its subsidiary (together "the company") is incorporated under the laws of British Columbia and domiciled in Canada. Its principal business activity is processing bill payment transactions through an internet enabled platform. The company's shares are listed for trading on the TSX Venture Exchange under the symbol TNC. The address of its office is 1550 - 250 Howe Street, Vancouver, BC, V6C 3R8.

Subsequent event and financing commitments

On July 11, 2013, the company entered into a binding agreement to acquire Globex Financial Services Inc. ("Globex") for US$8 million. The cost of acquisition will be financed as follows:

	$
Cash from treasury	2,000,000
Credit facilities of Globex	2,000,000
Commitment to issue equity	3,000,000
Promissory note	1,000,000
	8,000,000

A non-refundable deposit of US$250,000 was made on that date. The closing of the acquisition is contingent upon obtaining necessary regulatory approvals in the US jurisdictions in which Globex operates. The company's financing arrangements and acquisition is contingent upon the receipt of regulatory approvals. By an amendment to the share purchase agreement effective Nov 15, 2013 the company has the option to extend the closing date until regulatory approvals have been received.

2 Accounting policies and basis of presentation

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Financial Reporting Standards ("IASB").

These financial statements were approved by the Board of Directors for issue on December 16, 2013.

These consolidated financial statements have been prepared under the historical cost convention.

Significant accounting policies

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are as follows:

Consolidation

The financial statements of the company consolidate the accounts of the company and its subsidiary, which is 100% controlled by the company. A subsidiary is an entity which TIO Networks Corp. controls by having the power to govern the financial and operating policies. The subsidiary is fully consolidated from the date on which control is obtained by the company and is de-consolidated from the date that control ceases.

Intercompany balances, transactions, income and expenses, and profit and losses arising are eliminated in preparing the consolidated financial statements.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is TIO Networks Corp.'s functional currency. The financial statements of entities that have a functional currency different from that of TIO Networks Corp. ("foreign operations") are translated into Canadian dollars using the current rate method: assets and liabilities - at the closing rate at the date of the statement of financial position; equity - at historical rate; and income and expenses - at the average rate for the period (as this is considered a reasonable approximation to actual rate). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statements of operations.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the company.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with a term to maturity on the date of purchase of three months or less. See note 3 for information regarding cash collateral/restricted cash.

Financial instruments

Financial assets and liabilities are recognized when the company 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 company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

a) Financial assets and liabilities at 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. The only instruments held by the company and classified in this category are derivative financial instruments.

The company uses foreign exchange forward contracts to manage its exposure to foreign currency risk. The company does not utilize derivative instruments for speculative purposes. These derivative financial instruments are recorded at fair value with changes in the fair value recognized in the statements of operations in the period in which they occur.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statements of operations. Gains and losses arising from changes in fair value are presented in the statements of operations 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 12 months of the statement of financial position date, which is classified as non-current.

b) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The company has no available-for-sale investments.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within 12 months, or management expects to dispose of them within 12 months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statements of operations as part of finance income. Dividends on available-for-sale equity instruments are recognized in the statements of operations as part of other gains and losses when the company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statements of operations and are included in other gains and losses.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise accounts receivable, funds to settle bill payment obligations, and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at the amount expected to be received less a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

d) Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, and bill payment obligations. Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Impairment of assets

a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statements of operations. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statements of operations. For available-for-sale financial assets that are equity securities, the impairment losses are not reversed.

b) Non-financial assets

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not depreciation or amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Inventories

Inventory consists primarily of prepaid wireless airtime and spare parts. Inventories are stated at the lower of cost and net realizable value, cost being determined on a weighted average basis. Net realizable value is the estimated selling price less applicable selling expenses.

Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of an item of property and equipment have different useful lives, each part is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of operations during the financial period in which they are incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment, and are recognized in the statements of operations.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value if any. Depreciation is recognized in the statements of operations over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the following annual rates and methods:

Leasehold improvements	straight-line over the shorter of the term of the lease or useful life
Furniture and fixtures	straight-line over four years
Kiosks and spare parts	straight-line over three to five years
Computer and office equipment including leased assets	straight-line over four years

Methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. An impairment loss is recorded when it is determined that the carrying amount of these assets is not recoverable and exceeds their recoverable amount.

Intangible assets

The company's intangible assets are stated at cost less accumulated amortization and include acquired and internally generated computer software with finite useful lives.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognized as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalized as part of the software product include costs from third parties and the software development employee costs.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

These assets are capitalized and amortized on a straight-line basis in the statements of operations over the period of their expected useful lives of two years from the commencement of use.

The amortization methods and estimated useful lives of intangible assets are reviewed annually.

Leases

The company leases office premises and certain equipment. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of operations on a straight-line basis over the period of the lease.

Leases of equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in obligations under finance lease. The interest element of the finance cost is charged to the statements of operations over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Asset retirement obligations

The company records liabilities for the retirement of its kiosk assets at their fair value (being the discounted future costs associated with the disposition of the kiosk assets after their estimated useful lives). Liabilities are recognized in the period in which they are incurred. A corresponding increase to the carrying value of the kiosk assets is recorded and depreciated over their useful lives. The amount of the liability is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation, recorded as accretion expense and included as part of depreciation of property and equipment.

Share capital

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

Revenue recognition

Revenue is recognized when the amount of revenue can be reliably measured; it is probable that economic benefits will flow to the company; delivery has occurred; the sale price is fixed and determinable; and collectibility is reasonably assured.

Transaction services

Transaction service revenue derived from pay-per-use consumer fees and prepaid wireless airtime is recognized as the related transactions are completed at third-party and company-owned kiosks, point-of-sale, web and mobile devices. The company records the gross amount of the pay-per-use consumer fee. A variable portion of the company's transaction service fee is payable to the third-party bill payment partners and is recorded as a cost of sale.

Third-party kiosk and software

Revenue is recognized when the product is shipped and delivered to the customer, and depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained.

Maintenance

The company recognizes hardware and software maintenance service fees earned on a straight-line basis over the term of the related agreements.

Professional services

Professional services include computer software programming and consulting services. Professional service revenue is recognized when delivered and accepted by the customers.

Customer deposits and deferred revenue

Customer deposits and deferred revenue consist mainly of prepaid software maintenance fees and deposits received from customers.

Research and development costs

Research expenditures are expensed when incurred. Development costs are capitalized in the event they meet capitalization criteria under IFRS; otherwise, they are expensed as incurred.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statements of operations in the period in which they are incurred. To date, no borrowing costs have been capitalized.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statements of operations except to the extent that it relates to items recognized directly in equity, in which case, the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Stock-based compensation

The company grants stock options to certain employees and non-employees for performance of services. Stock options generally vest over one or two years and expire after three to five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to the statement of operations, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. When an option is exercised, the company issues new shares. The cash proceeds received are credited to share capital.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net (loss) income for the period attributable to shareholders of the company by the weighted number of shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The company's potentially dilutive common shares comprise stock options granted to directors, officers, employees, and consultants.

New accounting standards and interpretations not yet applied

Certain new standards, amendments to standards, and interpretations are not yet effective for the current reporting period and therefore have not been applied in preparing the consolidated financial statements. Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following standards and amendments are relevant to the company:

IFRS 9 - Financial Instruments

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in International Accounting Standard ("IAS") 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

IFRS 10 - Consolidated Financial Statements

IFRS 10 was issued in May 2011 and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC") 12, *Consolidation - Special Purpose Entities*, and parts of IAS 27, *Consolidated and Separate Financial Statements*.

IFRS 12 - Disclosures of Interests in Other Entities

IFRS 12 was issued in May 2011 and includes the disclosure requirements for all forms of interests in other entities, such as subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 was issued in May 2011 and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations where events are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the consolidated financial statements which may change in the next 12 months:

Capitalization of software development

In applying its accounting policy for costs incurred during the development phase for software related to various bill payment applications, the company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstances in making this assessment including historical experience, expected market demand, cost and future economic conditions.

3 Cash and cash equivalents and restricted cash

	October 31, 2013 $	July 31, 2013 $
Cash and cash equivalents (note a)	5,432,037	4,578,696
Restricted cash:-		
Cash held by a partner bank as collateral for remittance and settlement services	46,931	46,292
Cash held in escrow related to acquisition of Globex (note b)	3,000,000	-
	8,478,968	4,624,988

Note a - Included in cash and cash equivalents is unrestricted cash which is set aside to settle bill payment obligations as they fall due if not otherwise settled by funds held to settle bill payment obligations.

Note b - The company issued a convertible promissory note in exchange for $3 million held in escrow in relation to the funding of the acquisition of Globex Financial Services, Inc. Interest to be accrued at 8% per annum, calculated and compounded annually in arrears (15% per annum in any event of default). It is a term of the convertible promissory note that on the closing of the Globex acquisition, the outstanding principal shall be converted into fully paid and non-assessable common shares of the company at the price of C$0.35 per share, and any interest which otherwise would have accrued due under the note to the date of the conversion shall be cancelled.

4 Property and equipment

	Kiosks	Furniture and Fixtures	Computer equipment	Office equipment	Equipment under lease	Leasehold improvement	TOTAL
12 months ended July 31, 2013							
Opening net book value	162,117	24,621	157,745	14,509	29,792	129,297	518,081
Additions	167,700	2,600	57,905	4,559	404,174	-	636,937
Disposals	-	-	-	-	-	-	-
Depreciation for the period	(164,498)	(11,562)	(67,950)	(5,243)	(15,053)	(49,424)	(313,730)
Exchange differences	325	-	-	-	-	-	325
Closing net book value	165,644	15,659	147,700	13,825	418,912	79,873	841,613
12 months ended July 31, 2013							
Cost	9,118,552	189,829	1,253,001	206,191	481,752	338,860	11,588,183
Accumulated depreciation	(8,952,908)	(174,170)	(1,105,301)	(192,366)	(62,839)	(258,987)	(10,746,570)
	165,644	15,659	147,700	13,825	418,912	79,873	841,613
3 months ended October 31, 2013							
Opening net book value	165,644	15,659	147,700	13,825	418,912	79,873	841,613
Additions	5,034		1,576.00				6,610
Disposals	(184)						(184)
Depreciation for the period	(37,704)	(2,417)	(17,085)	(1,335)	(24,026)	(12,356)	(94,923)
Exchange differences	13,554						13,554
Closing net book value	146,344	13,242	132,191	12,490	394,886	67,517	766,669
3 months ended October 31, 2013							
Cost	9,213,813	157,653	306,253	112,338	481,752	338,860	10,610,669
Accumulated depreciation	(9,067,469)	(144,412)	(174,062)	(99,848)	(86,866)	(271,344)	(9,844,001)
	146,344	13,241	132,191	12,490	394,886	67,516	766,669

5 Intangible assets

	Computer software	Internally generated software	TOTAL
12 months ended July 31, 2013			
Opening net book value	140,845	525,021	665,866
Additions	171,280	86,092	257,371
Disposals	-	-	-
Depreciation for the period	(149,533)	(32,083)	(181,616)
Exchange differences	-	-	-
Closing net book value	162,592	579,029	741,621
12 months ended July 31, 2013			
Cost	1,887,617	611,113	2,498,729
Accumulated depreciation	(1,725,025)	(32,083)	(1,757,108)
	162,592	579,029	741,621
3 months ended October 31, 2013			
Opening net book value	162,592	579029.4467	741,621
Additions	4,073		4,073
Disposals			-
Depreciation for the period	(27,267)	(75,996.00)	(103,263)
Exchange differences			
Closing net book value	139,398	503,033	642,431
3 months ended October 31, 2013			
Cost	1,671,709	611,112.00	2,282,821
Accumulated depreciation	(1,532,311)	(108,080.00)	(1,640,391)
	139,398	503,032	642,431

6 Equity

a) Share Capital

Authorized
Unlimited shares of common stock without par value

Issued

	3 months to October 31 2013		12 months to July 31 2013	
	Number of shares	**Amount $**	**Number of shares**	**Amount $**
Common stock				
Balance - Beginning of period	46,617,340	27,705,583	46,617,340	27,705,583
Issued for cash				
Exercise of options	-	-	-	-
Balance - End of period	46,617,340	27,705,583	46,617,340	27,705,583

b) Contributed surplus

Contributed surplus relates to the value of compensatory stock options issued to non-employees for performance of services and to the value of expired warrants previously issued pursuant to private placements.

	3 months to October 31 2013 $	**12 months to July 31 2013 $**
Contributed surplus		
Balance - Beginning of period	3,393,237	3,377,660
Stock-based compensation expense	3,462	15,577
Transfer to capital stock on exercise of stock options	-	-
Balance - End of period	3,396,699	3,393,237

c) Stock option plan

On January 12, 2007, the company adopted a stock option plan under which the company is authorized to issue up to 10% of issued shares of the company from time to time. The vesting period of the options is at the discretion of the board of directors, and the term of the options is generally for three to five years. Options granted typically vest on a quarterly or semi-annual basis over a period of one to two years. At October 31, 2013 and July 31, 2013, the following stock options were outstanding:

	3 months to October 31 2013		12 months to July 31 2013	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance - Beginning of period	2,130,000	0.31	2,475,000	0.42
Options granted	-	-	150,000	0.35
Options forfeited	(150,000)	0.35	(495,000)	0.30
Options expired	-	-	-	-
Options exercised	-	-	-	-
Balance - End of period	1,980,000	0.31	2,130,000	0.31

		Options outstanding		Options exercisable
Range of exercise prices $	Number outstanding at October 31 2013	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number Exercisable at October 31 2013
0.30	1,900,000	0.18	0.30	1,900,000
0.60	80,000	1.42	0.60	80,000
0.30 – 0.60	1,980,000	0.23	0.31	1,980,000

7 Related party transactions

a) The Company engages a legal services firm that is controlled by a director of the Company, and spent $10,719 and $30,847 (inclusive of disbursements and taxes) for services pertaining to the quarter ended October 31, 2013 and 2012 respectively. As of October 31, 2013, $68,348 (2012 - $17,402) remained payable and is included in accounts payable and accrued liabilities.

The payable and accrued liabilities to related parties are due under normal terms of trade, generally between 30 and 90 days, and bear no interest.

b) Key management includes the Company's directors and senior members of the executive team. The remuneration of key management of the Company for the quarter ended October 31, 2013 and 2012 is as follows:

	2013 $	**2012** $
Salaries and short-term benefits	174,005	203,604

8 Income tax

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for the year ended July 31, 2013 and the three months ended October 31, 2013 was 25.63%.

9 Segmented information

Starting fiscal 2012, the company has reorganized into three reportable operating segments: kiosks, point of sale (POS)/over-the-counter, and mobile/web. The segments presented reflect the management structure of the company and the way in which the company's management reviews business performance. All reportable operating segment information is regularly reviewed by the company's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, to the extent that discrete financial information is available. The company evaluates the performance of its reportable segments primarily based on segment gross profit margin. Segment gross profit margin and assets include items directly attributable to a reportable operating segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other corporate expenses and property and equipment.

For the three months ended:

	Kiosks		POS/over-the-counter		Mobile/Web		Total	
	October 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012	October 31, 2012	October 31, 2011
	$	$	$	$	$	$	$	$
Segment Revenue from external customers	**1,350,842**	**1,749,215**	**6,513,149**	**8,448,471**	**397,341**	**283,527**	**8,261,332**	**10,481,213**
Segment gross profits	491,678	724,204	1,313,536	1,434,686	**150,670**	160,647	1,955,884	2,319,537
Unallocated expenses							(2,161,305)	(2,288,957)
Net income (loss)							**(205,421)**	**30,580**
Property and equipment	115,454	95,877	30,890	48,428	-	-	146,344	144,305
Unallocated property and equipment							620,325	334,135
Total property and equipment							**766,669**	**478,440**

10 Client concentration

During the three months ended October 31, 2013, $6,586,363 (2012 - $8,835,778) of the company’s revenue was derived from two bill payment partners whose customer receivables are settled via kiosks and other platforms supported or owned by the company in the USA. These two partners’ revenues constituted 53 % (2012 - 56%) and 26% (2012 - 28%) of total revenue respectively, as follows:

For the three months ended October 31, 2013 and 2012:-

	2013 $	2012 $
Bill payment partner A		
Transaction services	4,389,229	5,854,915
Professional services	-	3,069
	4,389,229	5,857,984
Bill payment partner B		
Transaction services	2,197,134	2,977,794

The loss or curtailment of revenue from these bill payment partners could have a material adverse impact on the company's results of operations and financial condition.

The company is not subject to seasonal or cyclical variations in its financial performance.