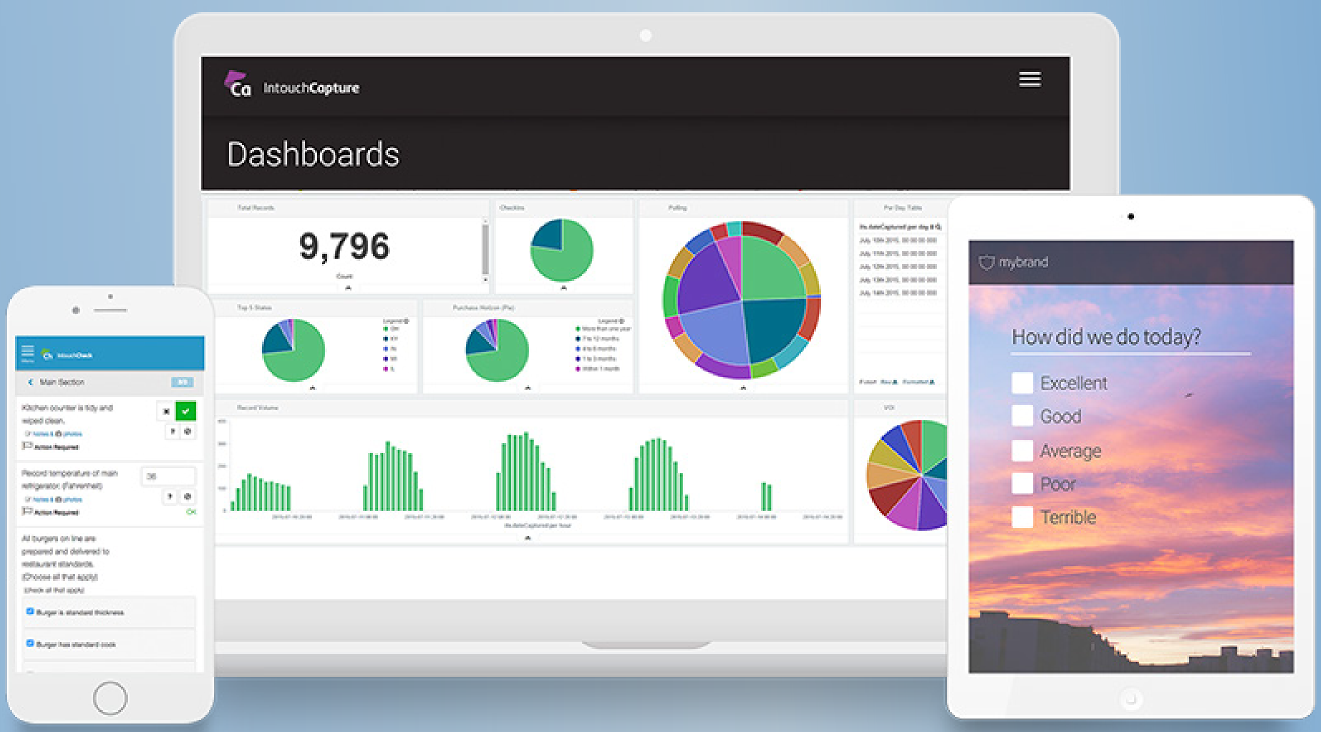
ANNUAL REPORT 2015



COLLECTING INSIGHTS TO DRIVE BUSINESS IMPROVEMENT

IntouchInsight

Intouch Insight Inc. Re-Branded

The Intouch Insight Inc. (Intouch) new brand and product lines create synergies that allow us to address a larger set of our core buyers' problems in one place. The structure improves our ability to promote complete solutions and allows us to focus on building the single Intouch brand.

The Intouch for Operations line offers solutions for operations executives to gauge and improve performance.

The Intouch for Events line offers data capture and tracking solutions for event and experiential marketers looking to capture leads and drive more value from their event marketing spend.

Intouch *for Operations*

Ch

IntouchCheck

Mobile audit & checklist software

Au

IntouchAudit

Specialized overt audit programs ranging from operational to regulatory compliance

Sh

IntouchShop

Mystery shopping solutions

Su

IntouchSurvey

Secure, responsive electronic surveys

Intouch *for Events*

Ca

IntouchCapture

Event lead and data capture software

Tr

IntouchTrack

Event participant tracking

About Intouch Insight

OUR CORE

At the core of Intouch is, and always has been, a focus on collecting insights to drive business improvement. A lot has changed over the last three decades, but that core goal has remained.

WHERE WE COME FROM

We've been capturing mobile data since before the first iPad was born.

Intouch was founded in 1992 and was the first market research company to develop kiosks to collect mobile electronic data in the field. Originally, a lot of people knew us as "the kiosk company."

Mobile insights are in our DNA. We draw from our more than twenty years history to deliver clients with enterprise-class performance and reliability, while driving innovation and new products and features in this rapidly progressing field.

GROWING INTOUCH

Over the last decade, Intouch has successfully acquired several industry leading companies to join the Intouch family.

2015
STATOPEX

2013
GCS FIELD RESEARCH

2011
SERVICE INTELLIGENCE

2008
MARKET RESEARCH &
NCI MOBILITY

2005
TENOX APPRAISAL
SYSTEMS

Cameron Watt: President & CEO

Words from the CEO

2015 Review

Dear Shareholders,

2015 was about continuing the efforts which began in 2014 to improve the focus of the business, while shifting more of our efforts towards product development and growth. 2015 was a very successful year for Intouch as we were able to:

- Achieve **growth of over 22%** with sales breaking the $10 million mark
- Achieve **EBITDA** of **over $1.1 Million**
- **Grow recurring revenue** from software application licensing and user fees by **over 50%**
- See **positive organic growth** from every single product line
- **Acquire Statopex** which provided accretive cash flow as well as a new client list to target for SaaS product sales
- Create a **revenue stream from our first ever SaaS product** which increased throughout the year
- **Developed a new underlying technology platform** for the IntouchCapture (formerly "EventMatrix") product line allowing for a more competitive product as well as for technical synergies across product lines

Given these achievements, I am very pleased with the results obtained through 2015; not only with the financial metrics, but with the harder to measure achievements such as the improvements to our products and underlying technologies.

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2016 and Beyond

For the coming year we will remain focused on product development and revenue growth. Sales & marketing efforts will be an area of investment to ensure the success of our new product platforms.

PRODUCT DEVELOPMENT

We will continue to invest significant resources in to product development to ensure that we:

- Maintain a strong competitive position in the SaaS markets that we have entered
- Operate a strong underlying technology with all of our product lines
- Improve margins in our legacy businesses through technological advancement
- Take advantage of technical synergies across product lines

GROWTH

As previously announced, we have set a growth target for 2016 of 40%. Our growth is planned to come from three areas:

1. Additional sales from our new SaaS products:
   Disproportionate investment in product development and Sales/Marketing efforts will continue against SaaS products and opportunities as we see these as a large part of the future for the company.

2. New contracts with customers across our legacy product lines:
   With the technological improvements to our legacy products, including the ongoing merging of underlying platforms, we feel we will be positioned to take additional market share in these previously stagnant product areas.

3. Revenue from acquired businesses:
   In addition to the incremental revenue from Statopex, acquisitions will continue to be pursued on a passive, opportunistic basis.

SALES & MARKETING

Our increased focus on marketing can be seen in the new branding released in February. We re-positioned our products to simplify the value proposition we provide to the market and to better identify how a potential client can take advantage of what we have to offer. This effort included:

- New corporate logo and identity
- New product names
- New product logos and icons
- New & completely re-designed website.

Additional marketing spending against lead generation to assist in our sales efforts will also be apparent throughout 2016. We have the largest sales team in the history of the company, and while the sales cycle continues to be long for many of the traditional product lines, we are seeing much quicker customer acquisition on the software licensing sales.

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IntouchInsight

Final Thoughts

Intouch has hit a milestone in its evolution where we will not only be delivering record volumes but are also over $10 million in sustainable revenue. What makes this interesting is not only the magnitude of the revenue itself, but the composition of the revenue. Historical volume peaks have included non-core business units that have since been shed. Today, the revenue is coming exclusively from synergistic product lines across either the Operational or Events vertical.

The focus put against the core business is starting to show real benefits as it allows us to more effectively sell and market the benefits we have to offer our growing customer base. When combined with the increased effort and spending against both sales and marketing we expect to continue to provide strong growth in the coming years.

At Intouch we have a world class team of dedicated professionals who work day in and day out to ensure that our clients receive value for the services we provide them. All of us at Intouch remain excited as we look to the future.

Cameron Watt
President & CEO

Ch Au Sh Su Ca Tr

Directors & CEO

Eric Beutel
Director

Mr. Eric Beutel has been the Vice President of Oakwest Corporation Limited since 2003 where he also serves as a director. Mr. Beutel has been in the investment industry for over twenty years. He has been an independent director of Equitable Group Inc. since January 1, 2004 and has been a director of various other privately held and publicly traded companies.

Mr. Beutel holds Bachelor of Arts Degree from York University and a Master of Business Administration from University Of Ottawa.

Michael Gaffney
Executive Chairman

Mr. Michael Gaffney is a successful serial entrepreneur dating back to the 1980's. From 2004 to 2013 he was CEO of IntouchInsight. In 2001 and 2002, he co-founded Soltoro Inc. and ENQ Semiconductor Inc., both of which which were successful startups and later sold to larger companies. In 1996 he founded Learnsoft Inc. which went on to create the world's first private online university. Learnsoft Inc. was subsequently sold in 2001. From 1991 to 1996 Mr. Gaffney was a Vice President at Newbridge Networks.

Mr. Gaffney is a graduate of the University of Ottawa (BSc.) and the John Molson School of Business in Montreal (MBA).

Rainer Paduch
Director

Mr. Rainer Paduch has a proven and successful track record as a serial entrepreneur, leader and manager. Rainer has over 30 years of in-depth business management and team building experience as well as expertise in internet operations, software design, telecommunications and data networking. Rainer is currently a local Ottawa angel investor, founder of the Band of Scoundrels Investment Partnership and a co-founder of the Ottawa Angel Alliance. He has also served as a Director or Chairman on the boards of various technology companies in the Ottawa area.

Rainer was the founder of iSTAR Internet Inc. where he served as President, Chief Technology Officer and Vice Chairman. He successfully led iSTAR from start-up to rapid growth and through IPO. PSINet Inc acquired iSTAR in 1998.

Mr. Paduch holds an Honors Bachelor of Engineering and a Masters of Engineering from McGill University in Montreal.

Cameron Watt
President & CEO

Mr. Cameron Watt brings over 20 years of leadership experience ranging from small businesses to some of the largest companies on the planet. As President & CEO he plays a fundamental role in the overall vision and strategy of the company.

He started with Intouch in 2011 in business development and grew in to a General Manager role before taking the helm of the company in the fall of 2013. Prior to joining Intouch, Watt held positions at PepsiCo, Mars, Unilever and YUM Brands. He has also held positions in smaller privately held companies in the Insurance, Real Estate, Foodservice & Convenience industries. He has personally owned both a restaurant and a convenience store. Through his broad past experience Watt brings not only a wealth of leadership experience but also a unique knowledge of the needs of the customer base that Intouch serves.

Mr. Watt holds a Bachelor of Commerce degree from the University of Alberta as well as Masters of Business Administration degree from Richard Ivey School of Business.

IN-TOUCH SURVEY SYSTEMS LTD.

DATED: MARCH 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of In-Touch Survey Systems Ltd. ("In-Touch" or the "Company") and the notes to those statements as at and for the year ending December 31, 2015.

The accompanying audited consolidated financial statements have been prepared by and are the responsibility of In-Touch's management. The audited consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Dollar amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking information and forward-looking statements. Except for statements of historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will" "may" "should" "continue" "anticipate", "believe", "plan", "estimate", "project", "expect", "intend" and similar expressions to the extent that they relate to the Company or its management. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the MD&A and as discussed in public disclosure documents filed with Canadian regulatory authorities. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A and In-Touch disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance in the Company's forward-looking statements.

OVERVIEW OF THE BUSINESS

In-Touch Survey Systems Ltd. ("In-Touch" or the "Company") does business as Intouch Insight Systems Inc. and Intouch Insight Systems Corp. (collectively referred to as "Intouch").

In-Touch develops managed mobile software technology and services for private businesses, governments and regulators. These stakeholders need mobile, real-time information about customer leads, customer feedback, operational compliance, employee feedback and new product analysis. In-Touch has developed comprehensive software platforms including IntouchCapture, IntouchCheck and Unified Insights that provide for the rapid development of data collection programs including lead capture at events, mobile checklists, audits and forms creation including real-time online reporting. In-Touch also uses its technology to enable its own data collection services including mystery shopping, third party audit and customer experience programs. Early in 2016 the Company rebranded its products to provide more cohesion and ease of cross selling across its product lines. The EventMatrix product is now IntouchCapture, OpsMatrix is now IntouchCheck, the GCS Field Research ("FR") brand is now providing the IntouchAudit product and the Service Intelligence, or "SI" brand is now providing IntouchShop, IntouchAudit and IntouchSurvey. The Company's software technology is hardware agnostic mobile web HTML5 solutions that operate on any device running a modern browser.

IntouchCapture is a software application providing event marketing solutions including analytics, logistics and support. With thousands of event days and millions of customer interactions, IntouchCapture works with Fortune 1000 brands, agencies, government and military across North America. Our complete software stack, stocked hardware warehouse and technical engineers bring big data, analytics, mobile-first design and data collection expertise to our customers.

IntouchCheck, the Company's first software-as-a-service (SaaS) offering is a powerful mobile application which was designed to assist organizations to drive quick and implement lasting improvements. The application allows businesses to create unlimited mobile forms & checklists in order to easily collect and aggregate data from across all locations including the ability to add photos and signatures as well as tracking deficiencies through to completion. In addition to the issues management it also provides for real-time reporting on performance results on a location by location or region by region basis.

RESULTS OF OPERATIONS

a) Revenue

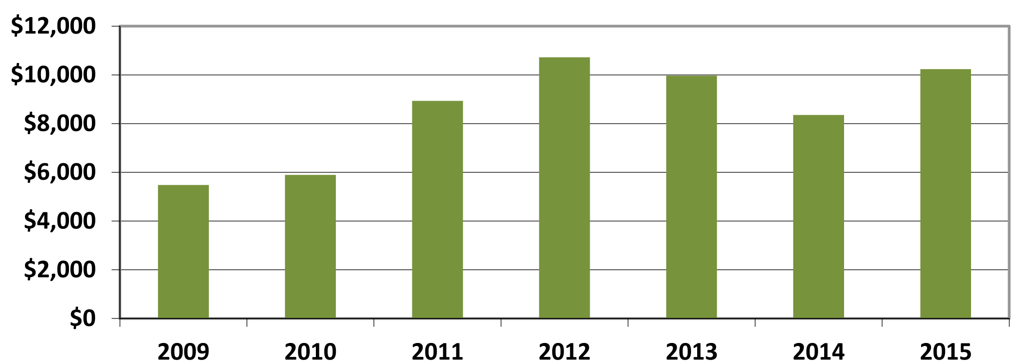
Management considers that the Company has one operating segment; mobile data collection and reporting on the results. We currently have numerous products to address the market that range in capability, complexity and price. Beginning in 2014, the Company has developed a new revenue classification in order to track what it believes is a key driver to the business known as recurring revenue. The Company defines recurring revenue as monthly revenues from the sale of software applications license and user fees. These revenues are earned primarily on a subscription basis. Separating these two different revenue streams will help management as it focuses on SaaS revenue from its product offerings.

	2015	2014
Recurring revenue	$ 2,002,922	$ 1,318,490
Services revenue	$ 8,229,786	$ 7,039,334
Total revenue	$ 10,232,708	$ 8,357,824

The Company's 2015 revenues increased 22% from 2014 revenues with its revenue from recurring revenue having increased by 52% in the same time period. This was a result of organic growth and the acquisition of Statopex Inc. ("Statopex") on October 1, 2015. Statopex revenues for Q4 2015 were $1,119,387. The Company was able to procure new business throughout 2015.

The Company feels that it has a strong customer base in each of its product lines going into 2016 along with the acquisition of Statopex customers anticipates significant revenue growth in 2016.

Yearly revenue (,000s)



The Company also measures its revenue geographically. The following chart shows the breakdown of revenues from Canada and the U.S.

	2015	%	2014	%
Canada	$ 2,774,795	27%	$ 1,667,953	20%
U.S.	$ 7,457,913	73%	$ 6,689,871	80%
Total revenue	$ 10,232,708	100%	$ 8,357,824	100%

Revenue generated from Canadian clients in 2015 was 66% higher compared to 2014 while U.S. revenues increased by 11%. The Company added Canadian revenues in Q4 2015 from its acquisition of Statopex. The Company concentrates its sales efforts in the U.S. and was successful in securing existing clients as well as attracting new clients. The Company continued with many programs for its largest U.S. based client, an automobile manufacturer that first signed in late 2006. Revenues from this client of $2,383,009 were realized in 2015 compared to $2,192,457 in 2014. Revenues from this client are expected to continue throughout 2016 at similar levels as 2015.

The fourth quarter of 2015 included revenues of approximately $1,119,387 from the acquisition of Statopex on October 1st. These revenues are generated from customers located in Canada. Management expects 2016 to reflect a full year of these revenues.

Included in 2015 revenues were approximately $3,057,171 (2014 - $2,571,125) from customers acquired through a business transfer agreement with NAVEX Global, Inc. in April of 2013. This revenue is predominately generated from U.S. sales. It was anticipated that one of our major clients in this industry which had acquired a business that performs the same type of services we provide would have a negative effect on our 2015 revenues, however, the successful building of other partnerships has resulted in not only meeting 2014 revenues but in fact exceeding those revenues by 19%. The Company has been successful in securing its client base for 2016 and expect those revenues to grow further in 2016.

Also included in 2015 revenues were approximately $1,839,225 from customers acquired through an outsourcing and business transfer agreement with Global Compliance Services in August of 2011 (2014 - $1,852,800). Of this revenue, approximately $903,103 or 49% (2014 - $948,373 or 51%) was generated from U.S. sales and $936,122 or 51% from Canadian sales (2014 - $904,427 or 49%). The Company expects minimal customer losses with similar revenues as 2015.

On January 1, 2015, the Company sold its IMS division. As such, the revenues and expenses for 2014 were re-classified and shown as a loss from discontinued operations. Revenues that were reclassified were $489,611 in 2014.

Management expects fluctuations in quarter-over-quarter operating results. Overall, management expects 2016 revenues to be 40% higher than 2015 revenues with growth occurring in each quarter throughout the year.

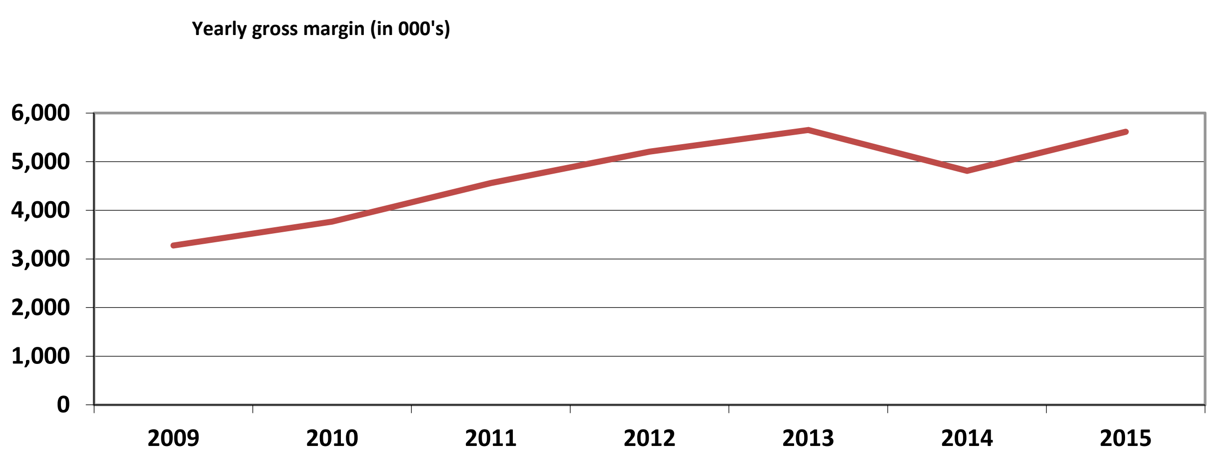
Revenue recognition: The Company follows International Financial Reporting Standards (IFRS) in recognizing its revenue from operations. For further information on revenue recognition, refer to Note 2 in the audited consolidated financial statements dated December 31, 2015.

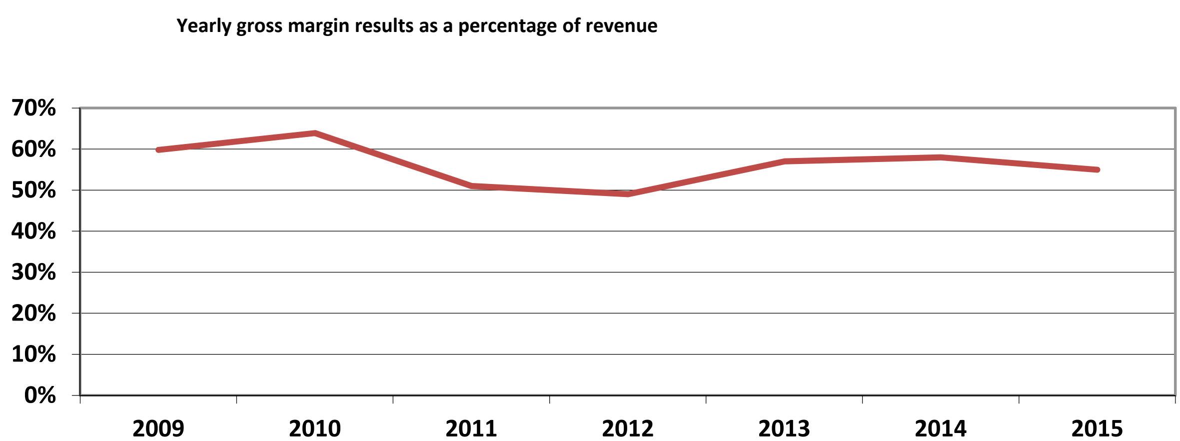
b) Cost of Services/Gross Margin

The Company's cost of services includes all direct costs incurred in the provision of its products and services. These costs include items such as expenses related to staff and independent contractors, delivery charges, communication costs (as each mobile unit or other device is equipped with cellular and/or wireless technology in order to transmit results or program updates live in the field) and amortization associated to the data collection units.

		2015		2014
Staff and contractor expense	$	3,613,372	$	2,712,964
Delivery and communication costs	$	556,622	$	562,808
Amortization	$	226,026	$	154,948
Other	$	220,721	$	113,567
Cost of services	$	4,616,741	$	3,544,287

Consolidated cost of services increased 30% in 2015 compared to 2014. For 2015, staff and contractor expense increased by 33% compared to 2014. The increase was due mostly to the acquisition of Statopex Inc. Management expects this expense to increase significantly throughout 2016 due to the full year effect of the acquisition. Delivery and communication costs decreased by 1% year-over-year. Amortization increased by 46% from 2014 to 2015. Amortization cost increases can be attributed to the Company having purchased and deployed new mobile and other data collection devices in the field. It is expected that 2016 expenses will be similar as the newly purchased units will remain in the field.





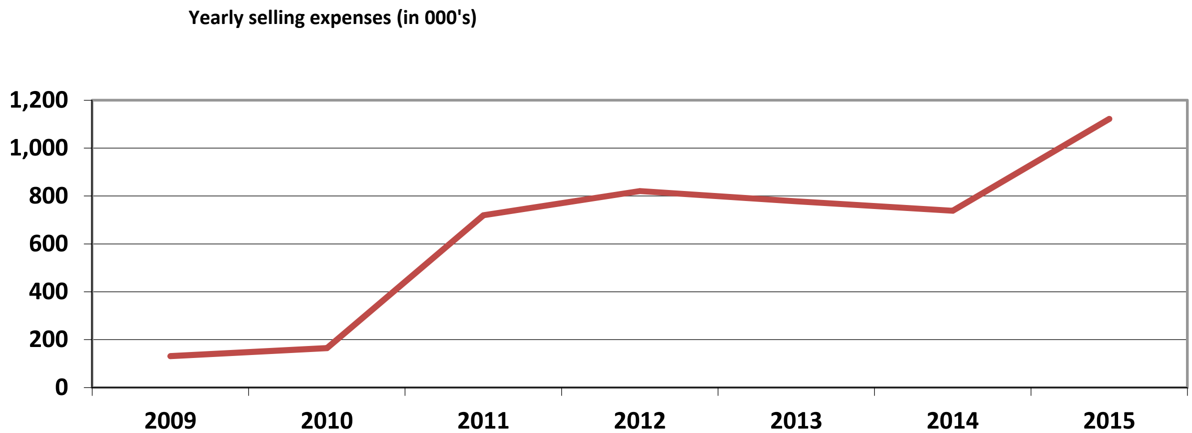
The consolidated gross margin increased by $802,430 or 17% to $5,615,967 in 2015 from $4,813,537 in 2014 and the margin percentage of 55% in 2015 is lower than that of 58% in 2014. Product mix effects gross margin as IntouchCapture and IntouchCheck gross margins are higher than those of IntouchShop and IntouchAudit. Since the acquisition of Statopex increased IntouchShop revenues Management expected margin to decrease accordingly. The gross margin percentage of 55% obtained during 2015 continues to remain within Management's expectations of 55 to 60%, however, Management expects gross margin percentage to be more dependent on product mix for 2016 as the full effect of the acquisition and increased SaaS product sales are realized.

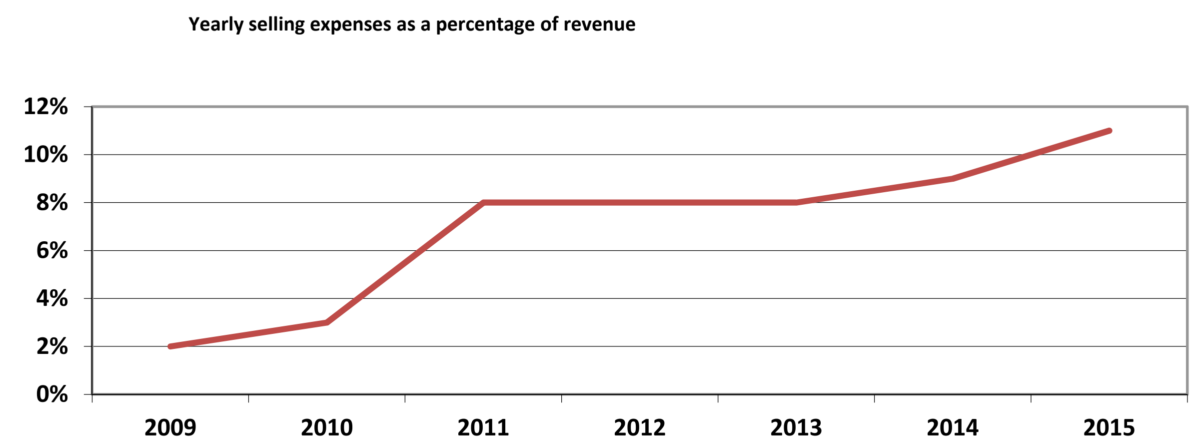
c) Selling

The Company includes marketing, travel, salaries and benefits in selling expenses and are broken down as follows:

	2015	2014
Marketing expenses	$ 289,781	$ 183,611
Travel expenses	$ 120,975	$ 130,358
Salaries and benefits	$ 726,458	$ 425,358
Government agency grant received for youth employment program	$ (14,999)	$ -
Selling expenses	$ 1,122,215	$ 739,327

Selling expenses increased by 52% from $739,327 in 2014 to $1,122,215 in 2015. The Company ramped up marketing efforts substantially in Q4 as it brought to market its new IntouchCheck product. New hires were primarily additional investments made in product development and those acquired through the Statopex acquisition which both added significantly to the salaries and benefits for 2015. One of our hires was offset by way of Government grant for 2015 but will only be offset for a short period in 2016. Travel expenses in 2015 were 7% lower in 2014 as more emphasis was placed on other marketing initiatives. The Company expects to increase selling expenses substantially throughout 2016 due to the full year impact of its increased marketing efforts around its IntouchCheck product. The full year effect of the Statopex acquisition will also increase selling expenses for 2016. Management continues to watch the marketplace very closely and will aggressively seek new business opportunities.





d) General and Administrative

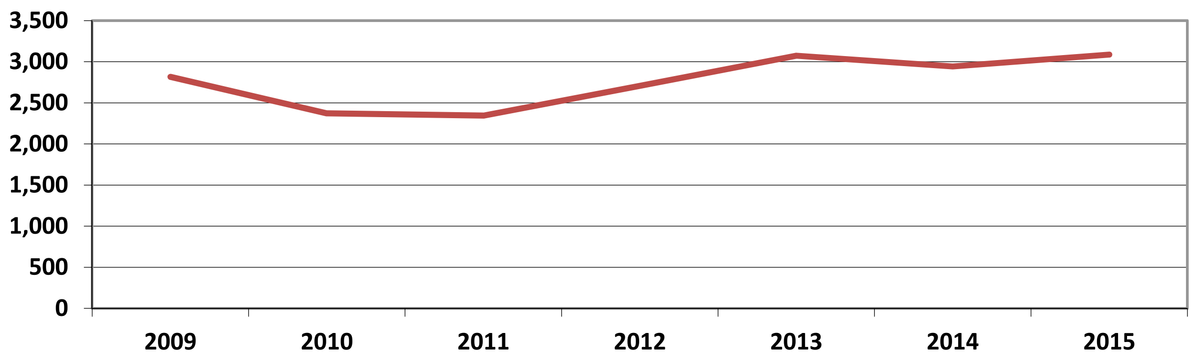
		2015		2014	% change
Corporate administration	$	811,328	$	921,291	-12%
Consultant fees	$	52,861	$	43,426	22%
Professional fees	$	164,687	$	125,638	31%
Listing fees	$	60,795	$	62,780	-3%
Salaries and benefits	$	1,734,244	$	1,538,050	13%
Loss on disposal of property and equipment	$	2,703	$	19,356	-86%
Gain on foreign exchange	$	(127,758)	$	(84,575)	51%
Amortization expense	$	388,597	$	316,816	23%
Total general and administrative expenses	$	3,087,457	$	2,942,782	5%

General and administrative expenses increased by 5% overall in 2015. Management expects general and administrative expenses to increase in 2016 to reflect the full year effect of the Statopex acquisition. Share-based compensation added $54,034 in non-cash salary expense to the 2015 general and administrative expense compared to $98,102 for 2014. Management anticipates that share-based compensation will decrease slightly for 2016.

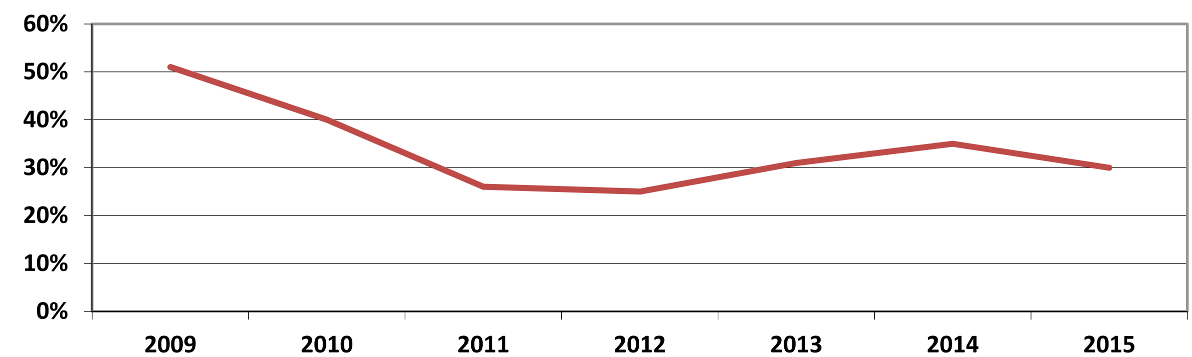
The Company recorded a gain on U.S. exchange of $127,758 in 2015 compared to a gain of $84,575 in 2014. Any future gains or losses will be dependent on the fluctuation of the Canadian dollar.

Amortization associated with general and administrative expenses was $388,597 for 2015 compared to $316,814 for 2014. Amortization of intangible assets of $329,577 was included for 2015 compared to $255,978 in 2014 as a result of the business acquisition of SI in 2011, FR in 2013 and Statopex in 2015. Management expects that the amortization of intangible assets will increase in 2016 to reflect the full year effect of the Statopex acquisition.

Yearly General and administrative expenses (in 000's)



Yearly General and administrative expenses as a percentage of revenue

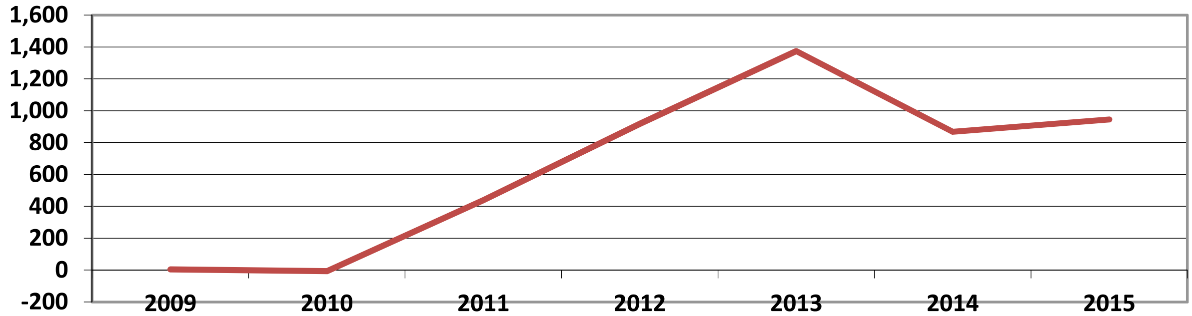


e) Product Development

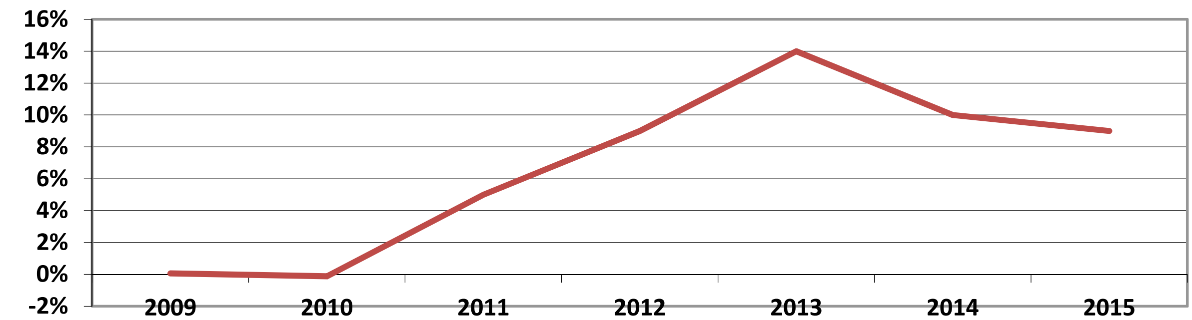
		2015		2014	% change
Salaries and benefits expense	$	1,205,829	$	1,018,219	18%
Product test purchases	$	-	$	737	100%
Grant received for software application development	$	(260,186)	$	(151,126)	-70%
Total product development expense	$	945,643	$	867,830	9%

Product development spending increased from $867,830 in 2014 to $945,643 in 2015. Salaries increased 18% in 2015 as new developers were hired. The Company successfully applied and received a government grant to assist in developing IntouchCapture and continued with the final funding of IntouchCheck. There are no financial covenants attached to the grant. The Company has exhausted its current funding opportunities through these grants, however, those hired based on the grant money will be retained to assist the Company as it further develops its products including IntouchCapture and IntouchCheck.

Yearly Product development expenses (in 000's)



Yearly Product development expenses as a percentage of revenue



f) Earnings from operating activities

Earnings from operating activities in 2015 were $460,652, an increase of $197,054 or 75% compared to earnings of $263,598 for 2014. The increase is attributable to the increase in revenue. The Company will continue its focus on product development, sales and marketing into 2016.

g) Non-operating earnings (expenses)

Finance costs for 2015 were $65,661. In 2014, finance costs were $48,250. Finance costs increased 36% compared to 2014 as a result of a new loan used to acquire Statopex Inc. and the accretion of the Statopex contingent liability. The Company expects finance costs to increase in 2016 as the new loan will have been disbursed for the full year and the contingent liability would also be recorded for a full year.

On June 6, 2014, the Company finalized an agreement to sell certain intellectual property assets to a new company, Dodoname Inc. ("Dodoname"), a marketing privacy company located in Nova Scotia, in exchange for share in Dodoname. As a result of the transaction the Company held 100% ownership of Dodoname and was considered to have control. The former CEO, and current executive chairman and director of the Company, is the CEO and a director of Dodoname. The fair value of the net assets sold to the new company was $45,000.

Subsequent to the initial investment by the Company, an additional $100,000 was invested in Dodoname by the Company concurrent with an equity financing by seven other investors. The additional equity financing in Dodoname resulted in the Company's investment being diluted to approximately 41% of the voting and equity interest. In-Touch was deemed to lose control over Dodoname although continues to exercise significant influence over Dodoname through its shareholding and board representation. As a result of the loss of control the investment in Dodoname was recorded as an investment in an associate and is accounted for using the equity method in accordance with IFRS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The Company's share of Dodoname's net losses subsequent to the loss of control is recorded in the Consolidated Statements of Earnings and Comprehensive Income. The Company's share of losses exceeds the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil.

The Company has agreed to provide Dodoname a further investment of $30,000, payable $2,500 per month for 12 months beginning in July of 2015 in exchange for additional shares. At this time no further shares have been issued to the Company and at year end the Company believed that the fair value of the $15,000 paid to date was impaired and therefore has accounted for this investment as a loss on transaction with an associate.

On January 1, 2015, the Company finalized an agreement to sell assets allocable to its IMS segment to IPSG Technology Inc. ("IPSG") a company located in Ottawa, Ontario in exchange for a 49% share in IPSG. The former Vice President of the IMS division is the current CEO and a director of IPSG. In-Touch is deemed not to have control over IPSG although it continues to exercise significant influence through its shareholding and board representation. IPSG was recorded as an investment in an associate and is accounted for using the equity method in accordance with IFRS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The carrying amount of assets in this transaction were the total accounts receivable outstanding attributable to the IMS segment as at December 31, 2014, which equalled $66,448. In-Touch continues to hold service level agreement contracts with various customers which do not contain an assignment agreement. The fair value of the net assets sold to the new company was $66,448. Subsequent to the investment the Company recorded a loss on dilution of $33,888. The Company's share of losses exceeds the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil. Share of loss recognized as a result was $32,560.

h) Income taxes

In 2015 the Company recorded a future tax expense of $107,031 (2014 – deferred tax recovery of $19,600) against its deferred tax assets. A deferred tax liability of $308,188 was recorded (2014 - $Nil). A future income tax expense of $12,547 was recorded for 2015 (2014 – expense of $11,053 from continuing operations).

i) Net earnings from continuing operations

The Company reported net earnings from continuing operations for 2015 of $219,059 or $0.01 per share basic and diluted compared to $84,695 or $0.01 per share basic and diluted for 2014.

j) Discontinued operations

At the end of 2014, management decided to discontinue the Company's government services segment defined as information management systems ("IMS") in line with the Company's strategy to focus on software applications. Management believes that the IMS business is significantly different than core Company products and services.

Consequently, the assets allocable to IMS were reclassified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this segment have been eliminated from net earnings or loss from the Company's continuing operations and are shown as a single line item on the consolidated statements of earnings and comprehensive income. On January 1st, 2015, the assets allocable to IMS were sold to IPSG Technology Inc. a company that In-Touch maintains a 49% ownership.

In-Touch continues to hold service level agreement contracts with various customers which do not contain an assignment agreement. Cash flows generated by the IMS segment for the reporting period December 31, 2014, were a net decrease of cash of $71,644.

k) Cash Flows

The Company's cash position was $368,701 at December 31, 2015, compared to $785,745 at December 31, 2014.

		2015		2014	% change
Cash flows from operating activities before changes in working capital	$	1,155,496	$	810,458	43%
Changes in working capital	$	(713,497)	$	(179,351)	298%
Cash flows from operating activities	$	441,999	$	631,107	-30%
Cash flows from discontinued activities	$	-	$	(90,539)	-100%
Cash flows from financing activities	$	362,114	$	286,481	26%
Cash flows used in investing activities	$	(1,221,157)	$	(791,842)	54%
Exchange differences on cash	$	-	$	34,311	-100%
Increase (decrease) in cash	$	(417,044)	$	69,518	-700%

Operating activities:

Cash inflows from operating activities for the year ended December 31, 2015, were $441,999 compared to $631,107 in 2014. This year's increase was mainly due to increased revenue resulting in higher earnings as well as the fluctuations in working capital in line with the normal operations of the Company plus the acquisition of Statopex which together increased trade and other receivables by $533,571 and trade and other liabilities by $225,303. An investment in an associate, IPSG Technology Inc. was recorded in 2015. A loss on dilution in associate of $48,888 was realized as well as the share of loss in associate of $32,560 (see investing activities below).

Financing activities:

As at December 31, 2015, the Company had drawn $230,000 on its bank line of credit (2014 - $Nil). The Company received a loan from its financial institute of $750,000 in 2015 (2014 - $500,000) for the acquisition of Statopex Inc. During the year $442,373 was repaid on its long term debt while in 2014 $189,073 was repaid. The amount repaid in 2015 was significantly higher since the Company paid in full the balloon payment due to the BDC. This loan was fully repaid in December 2015. Share capital of $1,833 was issued during 2015 as a result of the exercise of stock options (2014 - $57,850 as a result of the exercise of options). Finance costs paid were $52,145 compared to $48,250 in 2014.

Late in December 2013, the Company commenced a normal course issuer bid ("NCIB") to repurchase its common shares which was renewed late December 2014. Management believes that the current market price of the Company's common shares may not reflect their underlying value and that the purchase of common shares for cancellation will increase the proportionate interest of, and will be advantageous to, all remaining shareholders. During the year 2015, the Company purchased and cancelled 510,500 common shares at an average price of $0.238 (2014 – 152,500 common shares at $0.223). The Company renewed its NCIB and as of the date of this MD&A has purchased and cancelled a further 277,000 common shares at an average price of $0.397 in 2016 bringing to a total of 914,500 common shares purchased and cancelled.

Investing activities:

In June 2014 the Company invested $100,000 in Dodoname Inc., and accounted for the investment using the equity method. The Company holds a 41% equity interest in Dodoname Inc., a marketing privacy company. The Company's share of losses exceeds the original investment and therefore has deemed the carrying amount of the investment as $Nil. The Company invested a further $15,000 in 2015 however since no shares had been issued for this investment by December 31, 2015 the Company accounted for this investment as a loss on transaction with an associate.

In January 2015, the Company invested $66,448 in IPSG Technology Inc., and accounted for the investment using the equity method. The Company holds a 49% equity investment in IPSG Technology, a technology service provider. The Company's share of losses exceeds the original investment and therefore has deemed the carrying amount of the investment as $Nil.

In October 1, 2015 the Company invested $942,779 through the Statopex Inc. acquisition (see Note 4 in the Consolidated Financial Statements of the Company for more information). The Company will actively seek other acquisition opportunities as part of its growth strategy in 2016, however, there are no acquisitions currently evident.

During 2015 $201,674 was used to purchase property and equipment, the bulk of which to purchase data collection devices in order to augment the devices in our inventory. In 2014, $692,272 was invested in property and equipment and the Company received a loan of $500,000 to offset the purchase of the new devices.

I) Liquidity and Capital Resources

Working capital was $1,143,906 as at December 31, 2015 compared to $1,171,311 as at December 31, 2014. The table below shows other balance sheet accounts compared to previous year including the percentage change:

	As at December 31,				
		2015		2014	% change
Long-term debt	$	936,064	$	628,437	49%
Current portion of long-term debt	$	456,897	$	421,540	8%
Deferred revenue	$	81,339	$	66,353	23%
Trade and other liabilities	$	760,038	$	372,251	104%
Bank indebtedness	$	230,000	$	-	100%

Debt to equity increased from 0.29 as at December 31, 2014 to 0.57 at December 31, 2015. The increase in the ratio is due to the Company financing a portion of the Statopex acquisition. The Company paid in full the BDC loan in December 2015.

The Company has trade accounts payable, long term debt and non-cancellable operating lease agreements for office space with terms extending to the year 2020. The liquidity risks are as follows:

		2016		2017		2018		2019		2020
Trade accounts payable	$	760,038	$	-	$	-	$	-	$	-
Long term debt	$	456,897	$	250,000	$	229,167	$	-	$	-
Operating lease agreements	$	397,993	$	360,402	$	326,060	$	330,933	$	308,331
Total	$	1,614,928	$	610,402	$	555,227	$	330,933	$	308,331

The Company has credit facilities that include a $1,600,000 demand operating loan. Of this, the Company had drawn $230,000 as at December 31, 2015 (2014 - $Nil). The Company had cash in the bank as at December 31, 2015 of $368,701 and good quality accounts receivable of over $2,000,000. Management believes that the Company has sufficient cash resources to continue to finance its working capital requirements. Risks include the ability of the Company to produce cash flows through revenues to meet our obligations and the continued support from our debt lenders. In order to mitigate this risk, management monitors the Company's ability to continually produce positive EBITDA, a non-IFRS measure (see below for results and definition), and continually investigates efficiencies in all cost centres within the Company.

Review of quarterly operating results (,000s)

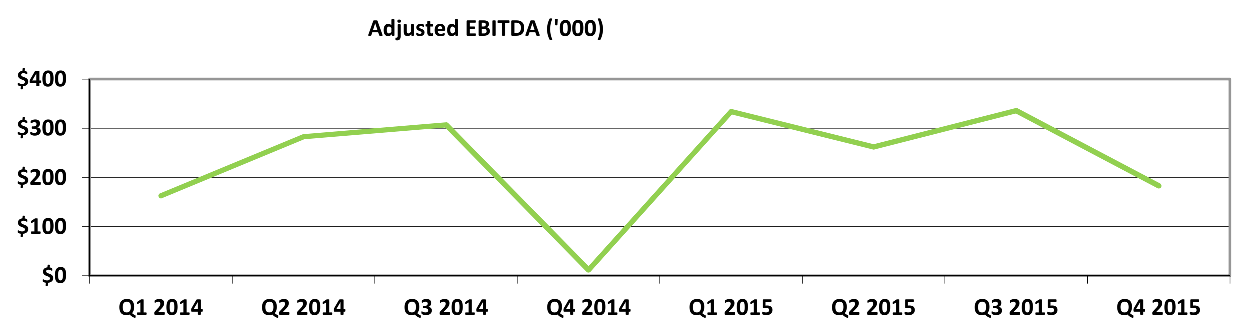
	In accordance with IFRS							
	2015				**2014**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	**$ 3,371**	**$ 2,316**	**$ 2,235**	**$ 2,311**	**$ 1,877**	**$ 2,206**	**$ 2,102**	**$ 2,175**
Cost of services	1,620	948	1,036	1,013	841	908	889	903
Gross profit	1,751	1,368	1,199	1,298	1,036	1,298	1,213	1,272
Total operating expenses	1,762	1,190	1,097	1,106	1,181	1,132	1,033	1,204
Earnings (loss) from operating activities	**$ (11)**	**$ 178**	**$ 102**	**$ 192**	**$ (145)**	**$ 166**	**$ 180**	**$ 68**

Finance costs	(32)	(10)	(12)	(12)	(14)	(13)	(11)	(10)
Change in fair value of contingent payments	-	-	-	-	-	-	-	-
Gain (loss) on dilution of associate	(15)	-	-	(34)	-	-	107	-
Share of loss from investments accounted for using the equity method	-	(8)	(20)	(5)	(25)	(80)	(102)	-
Gain (loss) from discontinued operations					(8)	(16)	(21)	(29)
Net earnings (loss) before taxes	**$ (58)**	**$ 160**	**$ 70**	**$ 141**	**$ (192)**	**$ 57**	**$ 153**	**$ 29**
Calculation of adjusted EBITDA earnings from operations				**Non-IFRS financial measurement**				
To net earnings (loss) add:								
Finance costs	32	10	12	12	14	13	11	10
Amortization of property and equipment	54	80	84	67	73	68	38	37
Amortization of intangible assets	138	64	64	64	64	64	64	64
Share-based compensation	17	14	12	11	27	25	23	23
Gain (loss) on dilution of associate	-	-	-	34	-	-	(107)	-
Share of loss from investments accounted for using the equity method	-	8	20	5	26	80	101	-
Adjusted EBITDA[1]	**$ 183**	**$ 336**	**$ 262**	**$ 334**	**$ 12**	**$ 307**	**$ 283**	**$ 163**

[1]Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges.

Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. We calculate Adjusted EBITDA by adding back to net earnings (loss) before taxes the finance costs, amortization expense, change in the fair value of contingent payments and stock-based compensation expenses. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing an issuer. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.



Outlook

Management anticipates that FY 2016 revenue will be in excess of $14M representing a 40% growth on 2015 FY revenue. The growth is expected to come as a result of new product delivery, in particular the IntouchCheck SaaS product, growth from full year Statopex client revenue, and new client acquisition. The Company has an aggressive organic sales growth target from its legacy product lines while expecting additional growth from its SaaS product introductions. The increased client base combined with the additional products in its portfolio is expected to provide opportunities to increase revenue through cross-sale activities. Final sales growth numbers will depend on macroeconomic forces as well as the everyday commercial challenges facing markets in general and the Company specifically. The Company continues to diversify its revenue base by adding more customers and additional products.

Management believes that the foundation laid in 2014 which allowed for additional investment in 2015 has positioned the Company for accelerated growth in 2016. In-Touch is focused on collecting data across multiple locations and providing information back to clients to aid in business improvement. Whether collecting sales leads, determining the satisfaction of a client's customers, checking on an organization's execution or compliance, or simply addressing the latest need for information Intouch has a product to assist. As a result, management believes that the company is set up to have a strong future as a technology company offering a product suite which includes both software and services. Corporate focus continues to be against creating new and improved methods and technologies to deliver its products while staying on pace with market trends. The Company will continue to seek out opportunities to introduce additional products to its strong growing client base while actively pursuing recurring revenue through its ever improving software product capabilities.

Management has identified product improvements and additional new products that will make the Company's offerings yet more compelling as marketing, research and operational management tools for its clients. It is also expected that through enhancements which are already underway the Company's offerings will become increasingly price competitive. However, balancing the need to secure and deliver work profitably with the existing offerings while carefully managing the development, sales and marketing of the Company's new alternatives remains a challenge.

The company expects to increase expenses in Sales, Marketing and Product Development throughout 2016 as it continues the increased levels of spending that it started in 2015 without the aid the government grants received through 2015.

ACCOUNTING POLICIES

a) Critical Accounting Estimates and judgments

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates

Useful lives of depreciable assets

The useful lives of depreciable assets have been determined based on management estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates.

Judgments

Control and significant influence assessment

The assessment of control and significant influence over an investment requires judgment (see Note 10)

Assessing the stage of completion of revenue

The stage of completion of revenue is assessed by Management by taking into consideration all information available at the reporting date. In this process, management estimates for each project's milestones, actual work performed, the costs to complete the work and the value of the work completed. Further information on the Company's accounting policy for revenue recognition is provided in in the consolidated financial statements Note 2.

Assessing the probability of utilizing deferred tax assets and investment tax credits

Deferred tax assets and investment tax credits are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in the consolidated financial statements Note 25. The tax rules in the numerous jurisdictions in which the Company operates are also taken into consideration.

Impairment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Functional currency

An area of judgement that has a significant effect on the amounts recognized in these consolidated financial statements is the determination of functional currency.

The determination of a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

b) Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). On March 30, 2016 the Company's Board of Directors approved these consolidated financial statements and authorized them for issue.

c) Management's Conclusion on the design of Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure and internal controls and procedures as at December 31, 2015 and have concluded that the Company's controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was made known to them and reported as required, particularly during the period in which this report was being prepared.

d) Management's Conclusion on the effectiveness of Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2015 and have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would have been known to them.

CORPORATE GOVERNANCE

The three-person Board of Directors of In-Touch is composed of two independent directors who are not related to the Company. The other director has been appointed as the Executive Chairman of the Board of Directors. The entire

Board fulfils the Audit Committee and Compensation Committee mandates. The Board and Management will continue to ensure compliance with regulatory requirements.

RISK FACTORS AND UNCERTAINTIES

The Company is focused on expanding its business internally as well as through strategic partnerships and acquisitions to achieve continued growth and profitability. Nevertheless the Company's future results may depend on its ability to find financing and to continuously introduce new products and enhancements to its customers. There can be no assurances that forward-looking statements will prove to be accurate and actual results and outcomes could differ materially from those expressed or implied in this MD&A. There are other additional risks and uncertainties described below.

a) Lengthy and Complex Sales Cycle

In-Touch's sales efforts target large companies requiring In-Touch to expend significant resources educating prospective customers about the uses and benefits of In-Touch's product. Because the purchase of In-Touch's solution is a significant decision for these companies, prospective customers generally take a long time to evaluate the product. The sales cycle may range from four to six months for larger accounts, although these cycles can be longer due to significant delays over which In-Touch has little or no control.

b) Increasing Competition

The markets in which In-Touch operates and intends to operate are extremely competitive and can be significantly influenced by the marketing and pricing decisions of larger industry participants including large companies that have substantially greater market presence and financial, technical, operational, marketing and other resources and experience than In-Touch.

c) Evolving Business Model

In-Touch's business model continues to evolve. In-Touch seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its service offerings. There can be no assurance that In-Touch will be able to expand its operations in a cost-effective or timely manner or that any such efforts will create, maintain or increase overall market acceptance.

d) Need to Manage Growth

The growth of In-Touch's business and its products and services causes significant demands on In-Touch's managerial, operational and financial resources. Demands on In-Touch's financial resources will grow rapidly with In-Touch's expected expanding customer base. Additional working capital may be required and there are no assurances that access to the capital required for the future growth and expansion plans will be available.

e) Dependency on Key Personnel

In-Touch's success will depend upon the continued service of its senior management team. In-Touch employees may voluntarily terminate their employment with In-Touch at any time. The loss of services of key personnel could have a material adverse effect upon In-Touch's business, financial condition and results of operation.

f) Future Capital Needs

In-Touch may need to raise funds through public or private financing in the event that In-Touch incurs operating losses or requires substantial capital investment or in order for In-Touch to respond to unanticipated competitive pressures or to take advantage of unanticipated opportunities. There can be no assurances that additional financing will be available on terms favourable to In-Touch or at all.

g) Foreign Exchange Exposure

In-Touch continues to seek expanding its operations into the US market. Fluctuations in the currency exchange rate may affect the revenue and operations of the company. The potential effect of the currency exchange rate fluctuations will be magnified as the value of sales to the US market grows.

CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, purchase and cancel shares previously issued, return capital to shareholders or sell assets to reduce debt. The Company considers the items included in the consolidated statement of shareholders' equity, long-term debt (including current portion), net of cash as its capital.

The Company also has certain positive covenants that it must meet with a Schedule 1 chartered Canadian bank in regards to its bank indebtedness, namely, a tangible net worth of at least $1,600,000 and a minimum debt service coverage ratio of not less than 120%. Throughout 2015 and as at December 31, 2015 the Company is compliant with all its covenants.

		As at December 31, 2015		As at December 31, 2014
Long-term debt, including current portion	$	1,166,054	$	628,437
Less cash and cash equivalents	$	368,701	$	785,745
Net debt (surplus)	$	797,353	$	(157,308)
Shareholders' equity	$	4,031,054	$	3,713,329
Total capital, net	$	4,828,407	$	3,556,021
Net surplus as a percentage of total capital		17%		-4%

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company targets year over year revenue increases with positive increases in earnings before interest, tax and amortization ("EBITDA"). These objectives are met through operational changes to enhance cash flow performance, the evaluation of acquisitions as they relate to the Company's market share and performance, and risk mitigation.

The Company is not subject to any statutory capital requirements and has no commitments, other than options, to sell or otherwise issue common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2015 compared to the year ended December 31, 2014. The Company was successful in increasing year over year revenue and was successful in meeting its objective for positive EBITDA.

FINANCIAL INSTRUMENTS

The table below summarizes the carrying values of the Company's financial assets and financial liabilities:

		As at December 31, 2015		As at December 31, 2014
Financial assets:				
Loans and receivables				
Cash	$	368,701	$	785,745
Trade accounts receivables	$	2,205,662	$	1,130,557
Total financial assets	$	2,574,363	$	1,916,302
Financial liabilities:				
Financial liabilities at amortized cost				
Bank indebtedness	$	230,000	$	-
Trade and other liabilities	$	760,038	$	372,251
Long-term debt	$	936,064	$	628,437
Total financial liabilities	$	1,926,102	$	1,000,688

The carrying values of cash, trade accounts receivables and trade and other liabilities approximate their fair values due to their relatively short periods to maturity. The fair value of the long-term debt approximates the carrying value as the risk profile of the Company has not changed significantly since those loans were negotiated and the borrowing terms and conditions continue to reflect current market conditions.

SHARES

The share capital of the Company consists of an unlimited number of common shares, without par value. All shares are equally eligible to receive dividends, the repayment of capital and represent one vote at the shareholders' meetings.

During the year ended December 31, 2015 there were 600,000 common shares issued resulting from the acquisition of Statopex, 8,333 issued resulting from the exercise of stock options (2014 – 270,000) and 510,500 repurchased and cancelled (2014 – 152,500). At December 31, 2015 there were 15,123,311 common shares outstanding.

RELATED PARTY TRANSACTIONS

During Q3 and Q4 2015, the Company recorded a $15,000 receivable from an associate. On December 31, 2015, the Company considered the amount of the receivable to be impaired and subsequently recorded the full transaction as funds transferred to an associate.

The above related party transactions are measured at their exchange amount, which is the amount agreed to by the parties.

SUBSEQUENT EVENTS

The Company renewed its normal course issuer bid ("NCIB") and during the first quarter of 2016 purchased and cancelled 300,500 of its shares at an average price of $0.40. As at March 30th, 2016, the Company has 14,822,811 common shares outstanding.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of In-Touch Survey Systems Ltd. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts that are based on management's best estimates that have been made using careful judgement.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the financial statements.

Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements. The Board of Directors meets periodically with management and with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal controls and to review and discuss the financial statements and financial reporting matters.

Additional information about the Company such as the 2015 audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Consolidated Financial Statements

In-Touch Survey Systems Ltd.

Years ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

In-Touch Survey Systems Ltd.
Consolidated Financial Statements
December 31, 2015 and 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The information and representations in these consolidated financial statements are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards ("IFRS") and, where necessary, reflect management's best estimates and judgments at this time. It is reasonably possible that circumstances may arise which cause actual results to differ. Management does not believe it is likely that any differences will be material.

In-Touch Survey Systems Ltd. maintains systems of internal accounting controls, policies and procedures to provide reasonable assurance as to the reliability of the financial records and the safeguarding of its assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out these activities primarily through its Audit Committee.

The Audit Committee is comprised of two Directors who are not employees of the Company. The Committee meets periodically throughout the year with management and external auditors to review their respective responsibilities, results of the reviews of internal accounting controls, policies and procedures and financial reporting matters. The external auditors meet separately with the Audit Committee.

The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The consolidated financial statements have been audited by MNP LLP, Chartered Professional Accountants, the external auditors, whose report follows.

March 30, 2016

Cameron Watt	George Pretli
Chief Executive Officer	Chief Financial Officer

Independent Auditors' Report

To the Shareholders of In-Touch Survey Systems Ltd.:

Report on the consolidated financial statements:

We have audited the accompanying consolidated statements of In-Touch Survey Systems Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of earnings and other comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ottawa, Canada

March 30, 2016

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

In-Touch Survey Systems Ltd.

Consolidated Statements of Earnings and Comprehensive Income

years ended December 31, 2015 and 2014
(in Canadian Dollars)

	Note	2015	2014
Revenue	5	$ 10,232,708	$ 8,357,824
Cost of services	6	4,616,741	3,544,287
		5,615,967	4,813,537
Expenses			
Selling	7	1,122,215	739,327
General and administrative	8	3,087,457	2,942,782
Product development	9	945,643	867,830
		5,155,315	4,549,939
Earnings from operating activities		460,652	263,598
Non-operating earnings (expense)			
Finance costs	24	(65,661)	(48,250)
Gain (loss) on transactions with associate	10	(48,888)	106,680
Share of loss from investments accounting for using the equity method	10	(32,560)	(206,680)
Net earnings before income taxes		313,543	115,348
Income taxes	25		
Deferred tax recovery (expense)		(107,031)	(19,600)
Current income tax expense (recovery)		12,547	(11,053)
Net earnings from continuing operations		$ 219,059	$ 84,695
Loss from discontinued operations	11	-	(69,752)
Net earnings and comprehensive income		219,059	14,943
Net earnings (loss) per share	12		
Basic			
From continuing operations		$ 0.01	$ 0.01
From discontinued operations		$ -	$ -
Diluted			
From continuing operations		$ 0.01	$ 0.01
From discontinued operations		$ -	$ -

The accompanying notes are an integral part of the consolidated financial statements

In-Touch Survey Systems Ltd.

Consolidated Statements of Financial Position

As at December 31, 2015 and 2014
(in Canadian Dollars)

	Note	December 31, 2015	December 31, 2014
Assets			
Current Assets			
Cash		$ 368,701	$ 785,745
Trade and other receivables	14	2,205,662	1,130,557
Prepaid expenses and deposits		97,817	115,153
		2,672,180	2,031,455
Property and equipment	15	910,013	990,833
Deferred tax assets	25	412,585	640,600
Investment tax credit recoverable	25	173,139	173,139
Intangible assets	16	2,178,766	944,343
		$ 6,346,683	$ 4,780,370
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank indebtedness	17	$ 230,000	$ -
Trade and other liabilities	18	760,038	372,251
Deferred revenue	14	81,339	66,353
Current portion of long-term debt	19	456,897	421,540
		1,528,274	860,144
Long-term debt	19	479,167	206,897
Deferred tax liability		308,188	-
		2,315,629	1,067,041
Shareholders' Equity			
Share capital	21	3,021,978	2,977,346
Contributed surplus		412,964	358,930
Retained earnings		596,112	377,053
		4,031,054	3,713,329
		$ 6,346,683	$ 4,780,370

ON BEHALF OF THE BOARD

Original signed by: Eric Beutel, Director

Original signed by: Michael Gaffney, Director

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

In-Touch Survey Systems Ltd.

Consolidated Statements of Changes in Equity

years ended December 31, 2015 and 2014
(in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance as at January 1, 2014	21	14,907,978	2,926,326	288,044	362,110	3,576,480
Issuance of share capital related to the exercise of share options	21	270,000	85,066	(27,216)		57,850
Share-based compensation	22			98,102		98,102
Transactions with owners		15,177,978	3,011,392	358,930	362,110	3,732,432
Net earnings and comprehensive income					14,943	14,943
Repurchase and cancellation of shares per Normal Course Issuer Bid	21	(152,500)	(34,046)			(34,046)
Balance as at December 31, 2014		15,025,478	2,977,346	358,930	377,053	3,713,329
Issuance of share captial related to the acquisition of Statopex Inc.	4	600,000	168,000			168,000
Issuance of share capital related to the exercise of share options	21	8,333	1,833			1,833
Share-based compensation	22			54,034		54,034
Transactions with owners		15,633,811	3,147,179	412,964	377,053	3,937,196
Net earnings and comprehensive income					219,059	219,059
Repurchase and cancellation of shares per Normal Course Issuer Bid	21	(510,500)	(125,201)			(125,201)
Balance as at December 31, 2015	21	15,123,311	3,021,978	412,964	596,112	4,031,054

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

In-Touch Survey Systems Ltd.

Consolidated Statements of Cash Flows

years ended December 31, 2015 and 2014
(in Canadian Dollars)

	Note	2015	2014
CASH PROVIDED BY (USED IN):			
Operating activities			
Net earnings		$ 219,059	$ 14,943
Adjustments to net earnings:			
Amortization of property and equipment	15	285,046	215,785
Amortization of intangible asset	16	329,577	255,978
Finance costs	24	52,145	48,250
Share-based compensation	22	54,034	98,102
Share of loss in associate	10	32,560	206,680
Loss (gain) on dilution of an associate	10	48,888	(106,680)
Loss on disposal of property and equipment	15	2,704	19,358
Deferred tax recovery	25	131,483	(3,154)
Accretion on contingent consideration	4	13,462	-
Investment tax credit		-	3,000
Foreign exchange gain		-	(34,311)
Loss on discountined operations		-	92,507
Net change in non-cash operating working capital	23	(726,959)	(179,351)
Cash flows from continuing operating activities		441,999	631,107
Cash flows from discontinued operating activities	11	-	(90,539)
Net cash flows from operating activities		441,999	540,568
Financing activities			
Bank indebtedness		230,000	-
Issuance of long-term debt	19	750,000	500,000
Issuance of share capital	21	1,833	57,850
Repayment of long-term debt	19	(442,373)	(189,073)
Repurchase of share capital	21	(125,201)	(34,046)
Finance costs paid	24	(52,145)	(48,250)
Cash flows from financing activities		362,114	286,481
Investing activities			
Business combination	4	(942,779)	-
Investment accounted for using the equity method	10	(66,448)	(100,000)
Funds transferred to an associate	10	(15,000)	-
Proceeds on disposal of property and equipment		4,744	430
Purchase of property and equipment	15	(201,674)	(692,272)
Cash flows from investing activities		(1,221,157)	(791,842)
Exchange differences on cash		-	34,311
NET INCREASE (DECREASE) IN CASH		(417,044)	69,518
CASH, BEGINNING OF YEAR		785,745	716,227
CASH, END OF YEAR		$ 368,701	$ 785,745
Additional Information			
Interest received included in operating activities		-	-
Income tax paid included in operating activities		67,415	17,562

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

1. CORPORATE INFORMATION

In-Touch Survey Systems Ltd. ("In-Touch" or the "Company") is a publicly listed company and is incorporated under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol INX. The address of In-Touch's registered office and its principal place of business is 400 March Road, Ottawa, Ontario, Canada K2K 3H4.

In-Touch and its subsidiaries primary business activity is the design, development and implementation of data capture and measurement technologies for business to consumer companies ("B2C") striving to connect with prospects, customers, suppliers, employees and managers. The technology enables our customers to implement interactive data capture solutions with little complexity and minimal setup time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used throughout all periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in effect at the closing date of December 31, 2015.

On March 24, 2016, the Company's Board of Directors approved these consolidated financial statements and authorized them for issue.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out in Note 2(u).

(c) Basis of consolidation

The consolidated financial statements include the accounts of In-Touch Survey Systems Ltd., the ultimate parent, and its wholly-owned subsidiaries In-Touch Insight Systems Inc. and In-Touch Insight Systems Corp. In-Touch Insight Systems Inc. is a Canadian company while In-Touch Insight Systems Corp. is incorporated in the U.S. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany transactions and balances have been eliminated. All subsidiaries have a reporting date of December 31st.

(d) Functional currency and foreign currency translation

These consolidated financial statements are presented in Canadian Dollars, which is also the Company's (and its subsidiaries) functional and presentation currency.

Transactions in foreign currency are translated into the functional currency using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at the reporting date exchange rate are recognized in net earnings. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Assets and liabilities of the foreign subsidiary are translated into the reporting currency, the Canadian dollar, at the period end rates of exchange, and the results of its operations are translated at average rates of exchange for the period. The functional currency of the foreign subsidiary remains unchanged during the reporting period.

(e) Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3, Business Combinations (IFRS 3). The consideration transferred by the Company to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognized amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest that the Company has in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in net earnings immediately.

(f) Intangible assets

Intangible assets are comprised of customer relationships, shopper/auditor databases, software and trademarks which qualified for recognition as intangible assets in a business combination. They are recognized at historical cost (which corresponds to their fair value at the acquisition date) less accumulated amortization and accumulated impairment losses.

The Company amortizes customer relationships on a straight-line basis between a six and one quarter year period and seven and two thirds year period, the shopper / auditor database between two and three-year period, software over a three-year period and the trademark over a ten-year period.

The useful lives and residual values are reviewed at each reporting date, taking the nature of the asset and its expected use into account.

(g) Impairment testing of intangible assets and property and equipment

Intangible assets and property and equipment are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related cash generating unit ("CGU") may not be recoverable. If any such indication exists, then the assets or CGU's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

There have been no impairment losses recognized in any of the periods presented.

(h) Investment in associates

Associates are entities over which the Company has not achieved the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. The investment in associate is accounted for using the equity method and initially recognized at cost plus transaction costs. The carrying amount of the investment is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate adjusted where necessary to ensure consistency with the accounting policies of the Company. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company will discontinue recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Revenue recognition

The Company receives revenue from various service offerings.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services provided, excluding sales tax, and discounts.

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for the different activities have been met. These activity-specific recognition criteria are based on the service provided to the customer and the contract conditions in each case, and are described below.

When two or more revenue generating activities or deliverables are sold under a single arrangement, revenue criteria are applied to each deliverable that is considered to be a separately identifiable component of the revenue transaction. The allocation of consideration from these transactions is allocated to the separately identifiable components based on the relative fair values of each component.

Revenue related to services is recognized using the stage of completion of the contract, taking into consideration the cost completed to date in relation to the total expected cost to complete the deliverable. If the estimated cost to complete a contract increases over the life of the contract resulting in a loss on the contract, the loss is recognized immediately into profit and loss.

Revenues earned from the sale of software applications license and user fees (software-as-a-service or “SaaS” product), primarily earned on a subscription basis, are recognized as recurring revenue. This revenue is recognized monthly over the contract term as the performance involves an indeterminate number of acts over the contract period.

Revenues related to discontinued operations is recognized when evidence of an arrangement exists and the services have been rendered. This policy is applicable to IMS revenue streams.

Unbilled receivables arise where services are performed prior to the Company’s ability to invoice in accordance with the contract terms. These amounts are included in trade and other receivables on the statement of financial position.

Deferred revenue is recorded when a customer is invoiced in advance of performance.

(j) Provisions

Provisions are recognized when the following criteria are met:

a) the Company has a current obligation as a result of a past event;
b) it is probable that an outflow of economic resources will be required from the Company; and
c) the amounts can be estimated reliably.

The timing or amount of the outflow may still be uncertain.

Provisions are established at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The Company has no provisions as at December 31, 2015 and 2014.

(k) Loss from discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Loss from discontinued operations comprises the post-tax loss of discontinued operations and the post-tax loss resulting from the measurement and disposal of assets classified as held for sale (Note 11).

(l) Government assistance

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and all the conditions attached to it will be complied with.

When the grant relates to an asset, it is recognized in deferred income and credited to other income on a systematic basis over the useful life of the asset.

When the grant relates to income it is deducted in reporting the related expense on a systematic basis over the periods in which the related costs for which the grant is intended to compensate are incurred.

During the year ended December 31, 2015, the Company received $223,627 in government subsidies (2014 - $151,126). This amount has been included to reduce selling expenses and product development expenses (Note 7 and 9) as the grant does not contain any requirements or restrictions with which the Company must comply as a condition of receipt.

(m) Investment tax credit

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. These credits can be applied against future income taxes payable and are subject to a 20 year carry forward period. An estimate of the refundable investment tax credit on scientific research and development expenditures is recorded in the year the expenditures are incurred provided there is reasonable assurance that the credits will be received. The expenditures are reduced by the amount of the estimated investment tax credit.

(n) Property and equipment

Property and equipment are stated at cost less accumulated amortization and impairment losses. Amortization is provided over the estimated useful lives of the assets using the following annual rates and term:

Computer equipment	5 years	Straight-line
Kiosks	20%	Declining balance
Kiosk tablets	5 years	Straight-line
Furniture and equipment	10 years	Straight-line
Leaseholds	Useful life	Straight-line

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the general and administrative expenses. The asset residual values, useful lives and methods of amortization are reviewed at each reporting period, and adjusted prospectively if appropriate.

(o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis in accordance with the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(p) Equity

Share capital represents the amount received for shares that have been issued less transaction costs directly attributable to the issuance of common shares net of any related income tax benefits.

Contributed surplus within equity, includes amounts in connection with stock-based compensation.

Retained earnings include all current and prior period earnings (losses).

(q) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the net earnings attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of shares outstanding, for the effects of all potential dilutive shares. The diluted loss per share is equal to the basic loss per share where the effect of stock options is antidilutive as it would decrease the loss per share.

(r) Share-based compensation

The Company accounts for share-based compensation arrangements using the fair value method of accounting. When employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date.

The share-based compensation cost is recorded as an expense in net earnings and credited to contributed surplus.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of awards expected to vest. Estimates are subsequently revised if there is any indication that the number expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if awards ultimately exercised are different to that estimated on vesting.

An award with different vesting dates is considered a separate grant for the calculation of fair value and the resulting fair value is amortized over the vesting period of the respective grants.

When share options are exercised any consideration paid by employees is credited to share capital in addition to the amount previously recorded in contributed surplus.

The Company's plan does not feature any options for cash settlement.

(s) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net earnings except for items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the expected tax rates applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in net earnings, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(t) Critical accounting estimates and judgments

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

<u>Estimates</u>

Useful lives of depreciable assets

The useful lives of depreciable assets have been determined based on management estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Details of the assets and liabilities acquired are given in Note 4.

Judgments

Control and significant influence assessment

The assessment of control and significant influence over an investment requires judgment (see Note 10).

Assessing the stage of completion of revenue

The stage of completion of revenue is assessed by Management by taking into consideration all information available at the reporting date. In this process, management estimates for each project's milestones, actual work performed, the costs to complete the work and the value of the work completed. Further information on the Company's accounting policy for revenue recognition is provided in Note 2(i).

Assessing the probability of utilizing deferred tax assets and investment tax credits

Deferred tax assets and investment tax credits are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in Note 25. The tax rules in the numerous jurisdictions in which the Company operates are also taken into consideration.

Impairment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2(g)).

Functional currency

An area of judgement that has a significant effect on the amounts recognized in these consolidated financial statements is the determination of functional currency.

The determination of the Company and a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

(u) Financial instruments

When the Company becomes a party to contractual provisions of the financial instruments, these are initially recorded on the statements of financial position at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. After initial recognition, the financial instruments are measured according to their classification or designation as described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

The Company has made the following classifications and designations:

Classification

Cash	Loans and receivables
Trade and other receivables	Loans and receivables
Trade and other liabilities	Financial liabilities at amortized cost
Long-term debt	Financial liabilities at amortized cost

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether 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 below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs except for impairment of trade receivables which is presented within general and administrative expenses.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at FVTPL include financial assets and liabilities that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets and liabilities in this category are measured at fair value with gains or losses recognised in non-operating earnings. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any allowance for doubtful accounts.

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. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized

Financial liabilities

Financial liabilities not at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method.

Fair Value Hierarchy

The Company categorizes its financial instruments, measured at fair value in the consolidated statement of financial position, including its financial assets and financial liabilities, into a three-level fair value measurement hierarchy as follows:

Level 1: The fair value is determined directly by reference to unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: The fair value is estimated using a valuation technique based on observable market data, either directly or indirectly.

Level 3: The fair value is estimated using a valuation technique based on unobservable data.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used for the consolidated financial statements. The Company has determined that it only has one operating segment

3. CHANGES IN ACCOUNTING POLICIES

a) Adoption of new accounting standards and amendments.

The Company has adopted the following new IASB standards and their consequential amendments effective January 1, 2015:

IFRS 8, Operating Segments

The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will not affect the Company.

IAS 24, Related Party Disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group, of which it is part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will not affect the Company.

b) New and revised IFRS issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board ("IASB") but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments':

In November 2009 the IASB issued IFRS 9, Financial Instruments (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 Financial Instruments (2013). In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 15 'Revenue from contracts with customers':

Revenue from contracts with customers is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. The Company is assessing the impact of this new standard on its consolidated financial statements.

(in Canadian Dollars)

IFRS 16 'Leases':

IFRS 16 replaces IAS 17, Leases, and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted. The Company continues to assess this new standard and the potential impact to the consolidated financial statements.

4. BUSINESS COMBINATION

Statopex Inc.

On October 1, 2015, as part of its continuing strategy of growth through acquisitions, the Company entered into a business transfer agreement with Statopex Inc. ("Statopex") based in Canada. The share purchase transaction resulted in the Company owning 100% of Statopex as well as 100% of their holding companies. The Company then amalgamated the holding companies into Statopex and immediately wound the business up into the Company. Statopex is a company providing the same data collection services in Canada as the Company provides in North America.

The Company has accounted for this transaction as a business combination under IFRS 3 as the group of assets acquired met the definition of a business.

The following table summarizes the fair value of the net assets acquired. The valuation was performed by the Company based on internal appraisals of the fair value of the property and equipment and intangible assets acquired.

Value recognized on the acquisition date		
Cash	$	357,221
Accounts receivable	$	541,534
Prepaid expenses	$	13,055
Trade and other liabilities	$	(396,834)
Property and equipment	$	10,000
Software assets	$	213,000
Trademarks	$	72,000
Customer related intangible asset	$	1,245,000
Shopper database intangible asset	$	34,000
Deferred tax liability	$	(404,720)
Total net assets acquired	$	1,684,256
Contingent consideration	$	216,256
Cash payment	$	1,300,000
In-Touch equity	$	168,000
Total consideration transferred	$	1,684,256

Cash outlays and contingent consideration related to the acquisition will be a maximum of $1,600,000, which consists of cash payments paid upon signing the agreement with another $150,000 payable based on the aggregate gross revenues related to existing Statopex clients plus new customers obtained during the first year, plus another $150,000 payable under the same conditions during the second year. On the date of the acquisition the Company recorded the fair value of the contingent consideration at $216,256. The initially recognized contingent consideration represents the present value of the Company's estimate of the probability-weighted cash outflows. As at December 31, 2015, the fair value of the contingent consideration was recorded as $229,718 It reflects management's estimate of the maximum royalty payments which have been discounted using an interest rate of 25%. For the period October 1, 2015 to year ended December 31, 2015, the acquired business added revenues of $1,119,387. The acquired business had revenues of $3,165,191 from January 1, 2015 to September 30, 2015 which would have brought revenues of $4,284,578 if the acquisition would have occurred on January 1, 2015. Acquisition-related costs amounting to $63,000 were not included as part of the consideration transferred and have been recognized as general and administrative expenses.

The carrying value of the accounts receivable approximates the fair value and all amounts are expected to be collectable.

(in Canadian Dollars)

5. REVENUE

The Company receives revenue from software applications and related services to its customers in a market referred to as data collection and reporting services.

Recurring revenue

In 2014, as a result of the Company's strategy to focus on software applications, management began tracking its recurring revenue (see Note 2(i)).

	2015	2014
Recurring revenue	$ 2,002,922	$ 1,318,490
Services revenue	$ 8,229,786	$ 7,039,334
Total revenue	$ 10,232,708	$ 8,357,824

Geographical revenue

The Company reports its revenue by geographical location of its customers. No significant property and equipment are maintained outside of Canada.

	2015	2014
Canada	$ 2,774,795	$ 1,667,953
US	$ 7,457,913	$ 6,689,872
Total revenue	$ 10,232,708	$ 8,357,825

Major customers

Revenues from specific clients, each with 10% or more of total Company revenues, are summarized as follows:

	2015	2014
Customer 1	$ 2,383,009	$ 2,192,457
Total dollars	$ 2,383,009	$ 2,192,457

Major trade receivables

Trade receivables from specific clients, each with 10% or more of total Company trade receivables, are summarized as follows:

	2015	2014
Customer 1	$ 225,991	$ 131,778
Total dollars	$ 225,991	$ 131,778

6. COST OF SERVICES

During the year ended December 31, 2015 the Company recorded amortization expense of $226,026 (December 31, 2014 - $154,948) within cost of services. Salaries and benefits charged to cost of services was $791,352 in 2015 compared to $952,570 in 2014.

7. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	2015	2014
Marketing expenses	$ 289,781	$ 183,611
Travel expenses	$ 120,975	$ 130,358
Salaries and benefits	$ 726,458	$ 425,358
Government agency grant received for youth employment program	$ (14,999)	$ -
Selling expenses	$ 1,122,215	$ 739,327

(in Canadian Dollars)

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the Company are broken down as follows:

		2015		2014
Corporate administration	$	811,328	$	921,291
Consultant fees	$	52,861	$	43,426
Professional fees	$	164,687	$	125,638
Listing fees	$	60,795	$	62,780
Salaries and benefits[1]	$	1,734,244	$	1,538,050
Loss on disposal of property and equipment	$	2,703	$	19,356
Gain on foreign exchange	$	(127,758)	$	(84,575)
Amortization expense	$	388,597	$	316,816
General and administrative expenses	$	3,087,457	$	2,942,782

[1] Share-based compensation (a non-cash item) of $54,034 (2014 - $98,102) has been included in Salaries and benefits

9. PRODUCT DEVELOPMENT EXPENSES

Product development expenses for the Company are broken down as follows:

		2015		2014
Salaries and benefits	$	1,205,829	$	1,018,219
Product test purchase	$	-	$	737
Government agency grant received for software application development	$	(260,186)	$	(151,126)
Product development expenses	$	945,643	$	867,830

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Dodoname Inc.

On June 6, 2014, the Company finalized an agreement to sell certain intellectual property assets to a new company, Dodoname Inc. (“Dodoname”), a marketing privacy company located in Nova Scotia, in exchange for share in Dodoname. As a result of the transaction the Company held 100% ownership of Dodoname and was considered to have control. The former CEO, and current executive chairman and director of the Company, is the CEO and a director of Dodoname. The fair value of the net assets sold to the new company was $45,000.

Subsequent to the initial investment by the Company, an additional $100,000 was invested in Dodoname by the Company concurrent with an equity financing by seven other investors. The additional equity financing in Dodoname resulted in the Company’s investment being diluted to approximately 41% of the voting and equity interest. In-Touch was deemed to lose control over Dodoname although continues to exercise significant influence over Dodoname through its shareholding and board representation. As a result of the loss of control the investment in Dodoname was recorded as an investment in an associate and is accounted for using the equity method in accordance with IFRS 28, “Investments in Associates and Joint Ventures” (“IAS 28”). The Company’s share of Dodoname’s net losses subsequent to the loss of control is recorded in the Consolidated Statements of Earnings and Comprehensive Income.

The shares of Dodoname Inc. are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amount of the associate can be summarized as follows:

		December 31, 2015		December 31, 2014
Current assets	$	2,536	$	3,663
Non-current assets	$	32,432	$	41,900
Current liabilities	$	17,229	$	19,078
Non-current liabilities	$	25,748	$	-
Revenues	$	-	$	-
Net loss and comprehensive loss	$	(130,493)	$	(528,315)

The Company has agreed to provide $30,000 payable $2,500 per month for 12 months beginning in July of 2015, as a further investment. At this time no further shares have been issued to the Company and at year end the Company believed that the fair value of the $15,000 paid to date was impaired and therefore has accounted for this investment in the statement of earnings as a loss on transaction with associate.

(in Canadian Dollars)

A reconciliation of the above summarized financial information to the carrying amount of the interest is set out below:

	December 31, 2015	December 31, 2014
Total net assets	$ (8,009)	$ 26,485
Proportion of ownership interest held by the Company	41%	41%
Total net assets held by the Company	$ -	$ 10,930

The Company's share of losses as at December 31, 2014 exceeded the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil. Share of loss not recognized in 2015 was $53,855 (2014 - $11,356).

<u>IPSG Technology Inc.</u>

On January 1, 2015, the Company finalized an agreement to sell assets allocable to its IMS segment to IPSG Technology Inc. ("IPSG") a company located in Ottawa, Ontario in exchange for a 49% share in IPSG. The former Vice President of the IMS division is the current CEO and a director of IPSG. In-Touch is deemed not to have control over IPSG although it continues to exercise significant influence through its shareholding and board representation. IPSG was recorded as an investment in an associate and is accounted for using the equity method in accordance with IFRS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The carrying amount of assets in this transaction were the total accounts receivable outstanding attributable to the IMS segment as at December 31, 2014, which equaled $66,448. In-Touch continues to hold service level agreement contracts with various customers which do not contain an assignment agreement. The fair value of the net assets sold to the new company was $66,448. After this initial investment no further investments were made to IPSG Technology Inc. therefore the Company's portion of the investment was diluted. Subsequent to the investment the Company recorded a loss on dilution of $33,888.

The shares of IPSG are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amount of the associate can be summarized as follows:

	December 31, 2015
Current assets	$ 53,876
Non-current assets	$ -
Current liabilities	$ 76,175
Non-current liabilities	$ -
Revenues	$ 284,725
Net loss and comprehensive loss	$ (88,748)

The Company has not incurred any contingent liabilities or other commitments relating to its investment in this associate.

A reconciliation of the above summarized financial information to the carrying amount of the interest is set out below:

	December 31, 2015
Total net assets	$ (22,299)
Proportion of ownership interest held by the Company	49%
Total net assets held by the Company	$ -

The Company's share of losses exceeds the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil. Share of loss not recognized as a result was $32,560.

(in Canadian Dollars)

11. LOSS FROM DISCONTINUED OPERATIONS

At the end of 2014, management decided to discontinue the Company's government services segment defined as information management systems ("IMS") in line with the Company's strategy to focus on software applications. Management believes that the IMS business is significantly different than core Company sale of software applications, license and user fees and services. Consequently, the assets allocable to IMS were reclassified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this segment have been eliminated from net earnings or loss from the Company's continuing operations and are shown as a single line item on the consolidated statements of earnings and comprehensive income. On January 1st, 2015, the assets allocable to IMS were sold to IPSG Technology Inc. a company that In-Touch maintains a 49% ownership.

Operating loss of IMS for the years ending December 31, 2014, are summarized as follows:

		2014
Revenue	$	489,611
Cost of services	$	395,377
Gross margin	$	94,234
Expenses	$	(186,741)
Deferred income tax	$	22,755
Loss from discontinued operations	$	(69,752)

In-Touch continues to hold service level agreement contracts with various customers which do not contain an assignment agreement. Cash flows generated by the IMS segment for the reporting period December 31, 2014, were a net decrease of cash of $71,644.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the relevant periods is based on the following information:

	2015	2014
From continuing operations		
Weighted average number of common shares - basic	14,737,493	14,969,480
Additions to reflect the dilutive effect of employee stock options	101,350	411,658
Weighted average number of common shares from continuing operations - diluted	14,838,843	15,381,138

	2014
From discontinued operations	
Weighted average number of common shares - basic	14,969,480
Additions to reflect the dilutive effect of employee stock options[1]	-
Weighted average number of common shares from discontinued operations - diluted	14,969,480

[1]Since the discontinued operations incurred a net loss in 2014, all stock options were excluded from the computation of diluted earnings per share for fiscal 2014 becasue they were anti-dilutive.

13. EMPLOYEE REMUNERATION

Employee remuneration expenses for the Company are broken down as follows:

		2015		2014
Salaries and benefits	$	4,403,849	$	4,150,508
Share-based compensation	$	54,034	$	98,102
Total salaries, benefits and share-based compensation	$	4,457,883	$	4,248,610

(in Canadian Dollars)

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consists primarily of trade receivable from billings of services, and sale of software applications, license and user fees as well as other receivables.

	As at December 31, 2015	As at December 31, 2014
Trade accounts receivable, gross	$ 2,057,652	$ 987,512
Allowance for doubful accounts	$ -	$ -
Trade accounts receivable, net	$ 2,057,652	$ 987,512
Unbilled receivables	$ 148,010	$ 143,045
Trade and other receivables	$ 2,205,662	$ 1,130,557

Trade receivables past due but not impaired can be shown as follows:

	As at December 31, 2015	As at December 31, 2014
1 - 60 days past due	$ 738,597	$ 479,605
Greater than 60 days past due	$ 26,738	$ 2,673
	$ 765,335	$ 482,278

Management considers that the above-stated financial assets, including those 1-60 days and greater than 60 days, are of good credit quality. See Note 30 for a discussion of the Company's credit risk management activities.

The amounts recognized in the consolidated statements of financial position relating to contracts in progress at year-end are determined as follows:

	As at December 31, 2015	As at December 31, 2014
Aggregate amount of cost incurred and recognised in earnings for all contracts in progress	$ 10,232,708	$ 8,357,824
Less progress billings	$ 10,166,037	$ 8,281,132
	$ 66,671	$ 76,692
Unbilled receivables	$ 148,010	$ 143,045
Deferred revenue	$ 81,339	$ 66,353

(in Canadian Dollars)

15. PROPERTY AND EQUIPMENT

The following tables summarize the changes in the carrying amount of property and equipment:

	Computer Equipment	Kiosks	Kiosk Tablets	Furniture and Equipment	Leasehold Improvements	Total
Cost:						
At December 31, 2013	$ 165,712	$ 383,797	$ 334,221	$ 161,715	$ 31,950	$ 1,077,395
Additions	$ 28,994	$ -	$ 654,671	$ 8,607	$ -	$ 692,272
Disposals	$ (3,847)	$ -	$ (37,975)	$ (33,493)	$ -	$ (75,315)
At December 31, 2014	$ 190,859	$ 383,797	$ 950,917	$ 136,829	$ 31,950	$ 1,694,352
Additions	$ 27,544	$ -	$ 169,900	$ 4,230	$ -	$ 201,674
Addition from acquisition (Note 4)	$ -	$ -	$ -	$ 10,000	$ -	$ 10,000
Disposals	$ (47,769)	$ -	$ (131,404)	$ (8,275)	$ -	$ (187,448)
At December 31, 2015	$ 170,634	$ 383,797	$ 989,413	$ 142,784	$ 31,950	$ 1,718,578
Accumulated Amortization:						
At December 31, 2013	$ 80,971	$ 259,456	$ 160,485	$ 36,911	$ 5,438	$ 543,261
Amortization	$ 35,882	$ 24,868	$ 130,079	$ 16,798	$ 8,158	$ 215,785
Disposals	$ (1,831)	$ -	$ (37,975)	$ (15,721)	$ -	$ (55,527)
At December 31, 2014	$ 115,022	$ 284,324	$ 252,589	$ 37,988	$ 13,596	$ 703,519
Amortization	$ 37,793	$ 19,895	$ 206,131	$ 13,070	$ 8,157	$ 285,046
Disposals	$ (47,769)	$ -	$ (129,136)	$ (3,095)	$ -	$ (180,000)
At December 31, 2015	$ 105,046	$ 304,219	$ 329,584	$ 47,963	$ 21,753	$ 808,565
Carrying amounts:						
At December 31, 2014	$ 75,837	$ 99,473	$ 698,328	$ 98,841	$ 18,354	$ 990,833
At December 31, 2015	$ 65,588	$ 79,578	$ 659,829	$ 94,821	$ 10,197	$ 910,013

All of the above assets are pledged as security for debt obligations as identified in Note 19. There were no impairment indicators as at the end of December 2015 and 2014. Amortization of $226,026 (2014 - $154,948) is included in cost of services while an amount of $59,020 (2014 - $60,838) is included in general and administrative expenses.

16. INTANGIBLE ASSETS

Cost:	Acquired Trademarks	Acquired customer relationships	Acquired Shopper/ Auditor database	Software	Total
At December 31, 2013 and 2014	$ 89,646	$ 1,139,226	$ 136,199	$ 175,216	$ 1,540,287
Additions: Business combination (Note 4)	72,000	1,245,000	34,000	213,000	1,564,000
At December 31, 2015	$ 161,646	$ 2,384,226	$ 170,199	$ 388,216	$ 3,104,287
Accumulated Amortization:					
At December 31, 2013	$ 6,723	$ 224,294	$ 65,145	$ 43,804	$ 339,966
Amortization	8,965	157,028	31,580	58,405	255,978
At December 31, 2014	$ 15,688	$ 381,322	$ 96,725	$ 102,209	$ 595,944
Amortization	10,765	206,827	35,830	76,155	329,577
At December 31, 2015	$ 26,453	$ 588,149	$ 132,555	$ 178,364	$ 925,521
Carrying Amounts:					
At December 31, 2014	$ 73,958	$ 757,904	$ 39,474	$ 73,007	$ 944,343
At December 31, 2015	$ 135,193	$ 1,796,077	$ 37,644	$ 209,852	$ 2,178,766

The additions to the above assets are the result of a business combination in 2015 as presented in Note 4.

The remaining amortization period is ten years for the trademarks, six years for the customer relationships, two years for the auditor database and three years for the software. Amortization expense is recorded in general and administrative expenses (Note 8).

(in Canadian Dollars)

17. CREDIT FACILITIES

At the year ended December 31, 2015, bank indebtedness was $230,000 ($Nil at December 31, 2014). The Company has credit facilities with a chartered bank that will provide credit facilities up to $2,850,000 which is composed of a $1,600,000 demand operating loan at prime plus 1% (2014 – prime plus 1.5%) a $500,000 committed installment loan facility at prime plus 1.8% (2014 – prime plus 1.8%) and new in 2015 a $750,000 committed installment loan facility at prime plus 2%, and they are secured by a general security agreement. The Company is on-side with all financial covenant ratios. The carrying amounts of any borrowings are considered to be a reasonable approximation of fair value.

18. TRADE AND OTHER LIABILITIES

	As at December 31, 2015	As at December 31, 2014
Trade payables	$ 320,628	$ 271,821
Accrued liabilities and interest payable	$ 439,410	$ 100,430
Total accounts payable and accrued liabilities	$ 760,038	$ 372,251

19. LONG TERM DEBT

	As at December 31, 2015	As at December 31, 2014
Installment loan, repayable in monthly installments of $20,833 plus interest at prime plus 2.0%, secured by a general security agreement over underlying assets and maturing on November 27, 2018.	$ 729,167	$ -
Installment loan,bearing interest at 13.5%, repayable in 47 monthly installments of $5,100 and a final payment of $158,543 subject to cash flow sweeps based on excess available funds, secured by a general security agreement over underlying assets, maturing December 23, 2015.	$ -	$ 214,643
Installment loan, repayable in monthly installments of $17,241 plus interest at prime plus 1.8%, secured by a general security agreement over underlying assets and maturing on December 8, 2016.	$ 206,897	$ 413,794
	$ 936,064	$ 628,437
Current portion of long-term debt	$ 456,897	$ 421,540
Total long-term debt	$ 479,167	$ 206,897

20. OPERATING LEASES

The Company has non-cancellable operating lease agreements for office space with terms extending to the year 2017 and 2020. The operating lease rentals payable under these agreements are as follows:

	As at December 31, 2015	As at December 31, 2014
Less than one year	$ 397,993	$ 239,655
Between one and five years	$ 1,325,727	$ 148,002
More than five years	$ -	$ -
Total operating lease rental payments payable	$ 1,723,720	$ 387,657

Operating lease expenses, which are charged to general and administrative expenses, were $269,115 for 2015 compared to $273,741 for 2014.

(in Canadian Dollars)

21. SHARE CAPITAL

Authorized:
The share capital of the Company consists of an unlimited number of common shares, without par value. All shares are equally eligible to receive dividends, the repayment of capital and represent one vote at the shareholders' meetings.

	Number of Common Shares issued and fully paid		Value
Balance at December 31, 2013	14,907,978	$	2,926,326
Issuance of common shares from exercise of options	270,000	$	85,066
Common share repurchase and cancellation through NCIB	(152,500)	$	(34,046)
Balance at December 31, 2014	15,025,478	$	2,977,346
Issuance of common shares from acquisition (Note 4)	600,000	$	168,000
Issuance of common shares from exercise of options	8,333	$	1,833
Common share repurchase and cancellation through NCIB	(510,500)	$	(125,201)
Balance at December 31, 2015	15,123,311	$	3,021,978

On November 28, 2014 the Company announced that it was renewing its normal course issuer bid ("NCIB") subject to the approval of the TSX Venture Exchange. The Company received such approval and during 2015 purchased and cancelled 510,500 of its outstanding common shares at between $0.22 and $0.30 per share (2014 – purchased 152,500 common shares at between $0.22 and $0.225 per share).

22. STOCK OPTION PLAN

The stock option plan is applicable to directors, officers, employees and consultants of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board of Directors. Under the terms of the plan, the options generally vest proportionately over a three-year period and expire five years from the date of the grant. The Board of Directors has the right to modify vesting periods at the time of option grant. There were 735,000 options issued in 2015 (710,000 in 2014). The employee compensation expense related to options vested in fiscal 2015 is $54,034 (2014 - $98,102). The Company may issue up to 2,141,863 (2014 – 2,150,196) options for common shares under its stock option plan. At December 31, 2015, 376,863 common shares (515,196 at December 31, 2014) are reserved for additional options under this plan.

Pursuant to a resolution at the 2014 Annual General and Special Meeting, the Company's stock option plan was renewed by dis-interested shareholders until the 2017 Annual General Meeting.

A summary of the status of the Company's issued and outstanding stock options as of December 31, 2015 and December 31, 2014, and changes during the years ended on those dates, is presented below:

	2015			2014		
	Number of Options		Weighted average exercise price	Number of Options		Weighted average exercise price
Outstanding, beginning of year	**1,635,000**	**$**	**0.28**	1,710,000	$	0.28
Granted	**735,000**		**0.25**	710,000		0.26
Exercised	**(8,333)**		**0.22**	(270,000)		0.21
Forfeited	**(596,667)**		**0.28**	(55,000)		0.26
Expired	**-**		**-**	(460,000)		0.27
Outstanding, end of year	**1,765,000**	**$**	**0.27**	1,635,000	$	0.28

The weighted average share price at the date of exercise was $0.325 (2014 - $0.28).

(in Canadian Dollars)

The following table summarizes information about stock options as at December 31, 2015:

	Options Outstanding		Options Exercisable
Exercise prices	Number outstanding at Dec 31, 2015	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2015
$0.22	360,000	3.76	101,667
$0.24	325,000	4.40	-
$0.28	590,000	4.12	100,000
$0.30	290,000	2.27	193,333
$0.36	200,000	1.49	200,000
$ 0.22 to $ 0.36	1,765,000	3.50	595,000

The weighted average exercise price was $0.27 in 2015 (2014 - $0.28) for exercisable options.

The following table summarizes information about stock options as at December 31, 2014:

	Options Outstanding		Options Exercisable
Exercise prices	Number outstanding at Dec 31, 2014	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2014
$0.22	430,000	4.45	51,667
$0.28	435,000	4.5	-
$0.30	460,000	3.33	153,325
$0.32	10,000	2.50	6,667
$0.36	300,000	2.50	199,999
$ 0.22 to $ 0.36	1,635,000	3.46	411,658

The Company uses the Black-Scholes model to calculate option values. The assumptions using the Black-Scholes option pricing model for 2015 were: a weighted average share price of $0.25 and an exercise price of $0.25, risk free interest rate of .44% to .67%, volatility of 37% to 39% with no expected dividend yield, 40% assumed forfeiture and a five year estimated life. Assumptions for 2014 were: a weighted average share price of $0.26 and an exercise price of $0.26, risk free interest rate of 1.1%, volatility of 40% to 44% with no expected dividend yield, 25% assumed forfeiture and a five year estimated life.

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the option.

The fair value of stock options granted during fiscal 2015 was $0.25 (2014 - $0.26).

23. CASH FLOW INFORMATION

Net change in non-cash working capital items is comprised of:

	2015	2014
Trade and other receivables	$ (533,571)	$ 109,756
Prepaid expenses and deposits	$ 30,391	$ 30,743
Trade and other liabilities	$ (238,765)	$ -
Deferred revenue	$ 14,986	$ (332,867)
Net change in non-cash working capital	$ (726,959)	$ (192,368)

24. FINANCE COSTS

Finance costs may be analyzed as follows for the fiscal year ending 2015 and 2014:

	2015	2014
Interest expense on loans	$ 65,661	$ 48,250
Finance costs	$ 65,661	$ 48,250

(in Canadian Dollars)

25. INVESTMENT TAX CREDITS AND INCOME TAXES

Research and development expenses

As at December 31, 2015, the Company has research and development costs of approximately $294,000 (2014 - $362,000) which are available indefinitely to reduce future years' Canadian taxable income. The Company also has investment tax credit carry forwards of $173,139 (2014 - $173,139) which may be utilized to reduce future Canadian taxable income. These tax credits expire between 2022 and 2029. The future tax benefits associated with undeducted research and development costs and investment tax credit carry forwards has been recognized in the financial statements.

The ability to realize the tax benefits from these losses, deductible temporary differences and investment tax credits is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses, deductible temporary differences and investment tax credits arose. Deferred tax assets are recognized in respect of temporary differences giving rise to deferred tax assets only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. This determination is based on the management's quantitative and qualitative assessments and the weighing of all available evidence, both positive and negative. Such evidence included, notably, historical performance over the past two years and the Company's projected future taxable income.

Accordingly, no deferred tax asset has been recognized on the following temporary differences:

	December 31, 2015	December 31, 2014
Investment in associate	$ 166,448	$ 100,000
Property and equipment	$ -	$ 10,618
Deferred revenue	$ -	$ 53,917
Non-capital losses	$ -	$ 31,021
	$ 166,448	$ 195,556

Deferred tax assets arising from temporary differences and unused tax losses that have been recorded and can be summarized as follows:

	As at December 31, 2014	Recognized in net earnings	Recognized in balance sheet	As at December 31, 2015
Property and equipment	$ 190,249	$ (148,384)	$ (55,954)	$ (14,089)
Intangible assets	$ (12,298)	$ 63,021	$ (348,766)	$ (298,043)
Investment tax credits recoverable	$ (45,849)	$ -		$ (45,849)
Deferred revenues	$ -	$ 25,372		$ 25,372
Share issue costs	$ 3,633	$ (3,633)		$ -
Non-capital losses	$ 408,892	$ (34,575)		$ 374,317
SR&ED expenditure pool	$ 95,973	$ (12,635)		$ 83,338
Other	$ -	$ 3,803	$ (24,452)	$ (20,649)
	$ 640,600	$ (107,031)	$ (429,172)	$ 104,397

The major components of deferred tax recovery can be summarized as follows:

	As at December 31, 2015	As at December 31, 2014
Origination and reversal of timing differences	$ 133,454	$ 134,609
Effect of change in tax rate	$ -	$ -
Adjustment of prior year deferred taxes	$ 6,316	$ (17,910)
Tax effect of temporary differences for which no deferred tax assets was recorded	$ (32,739)	$ (97,099)
	$ 107,031	$ 19,600

(in Canadian Dollars)

Tax rate reconciliation

The actual tax provision differs from the expected provision based on the combined federal and provincial income tax rates for the following reasons:

	As at December 31, 2015		As at December 31, 2014	
Income before income taxes	$	313,543	$	115,349
Combined Canadian Statutory tax rate		26.5%		26.5%
Expected tax expense (recovery)	$	83,089	$	30,567
Permanent differences	$	32,968	$	94,685
Foreign tax rate differences	$	(5,540)	$	(11,546)
Domestic tax rate differences	$	16,341	$	35,100
Current tax relating to prior years	$	(18,688)	$	(3,658)
Deferred tax relating to prior years	$	6,316	$	(17,910)
Effect of temporary differences not recognized as deferred tax assets	$	(32,739)	$	(97,099)
Other	$	12,737	$	514
	$	94,484	$	30,653
Income tax comprises:				
Current income tax - Continuing operations	$	(12,547)	$	11,053
Deferred income tax - Continuing operations	$	107,031	$	19,600
	$	94,484	$	30,653
Current income tax recovery - Discontinued operations	$	-	$	-
Deferred income tax recovery - Discontinued operations	$	-	$	(22,754)
	$	-	$	(22,754)
Total tax provision	$	94,484	$	17,181

26. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for key management personnel, including the Company's Officers and Board of Directors, was as follows for the year:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
Salaries	$	785,180	$	838,294
Directors' fees	$	30,500	$	30,500
Share-based compensation	$	20,678	$	21,054
Total Key Management Compensation	$	836,358	$	889,848

Salaries include cash payments for base salaries and bonuses. Director's fees include meeting fees and retainers. Share-based compensation includes the compensation expense recognized during the year for key management personnel. There were no stock options exercised by key management personnel in 2015 (2014 – 200,00 stock options exercised).

27. RELATED PARTY TRANSACTIONS

On May 28, 2015, the board of directors for the Company agreed to a further investment in Dodoname Inc. of $30,000 payable in equal instalments of $2,500 per month for 12 months starting in July 2015 (Note 10). During Q3 and Q4 2015, the Company recorded a $15,000 receivable from an associate. On December 31, 2015, the Company considered the amount of the receivable to be impaired and subsequently recorded the full transaction in the statement of earnings as a loss on transaction with associate. .

The above related party transactions are measured at their exchange amount, which is the amount agreed to by the parties.

(in Canadian Dollars)

28. FINANCIAL INSTRUMENTS

The table below summarizes the carrying values of the Company's financial assets and financial liabilities:

Financial assets:	As at December 31, 2015	As at December 31, 2014
Loans and receivables		
Cash	$ 368,701	$ 785,745
Trade and other receivables	$ 2,205,662	$ 1,130,557
Total financial assets	$ 2,574,363	$ 1,916,302
Financial liabilities:		
Financial liabilities at amortized cost		
Bank indebtedness	$ 230,000	$ -
Trade and other liabilities	$ 760,038	$ 372,251
Long-term debt	$ 936,064	$ 628,437
Total financial liabilities	$ 1,926,102	$ 1,000,688

The carrying values of cash, trade and other receivables, loan receivable from associate and trade and other liabilities approximate their fair values due to their relatively short periods to maturity. The fair value of the long-term debt approximates the carrying value as the risk profile of the Company has not changed significantly since those loans were negotiated and the borrowing terms and conditions continue to reflect current market conditions.

29. FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, sound business practices and on occasion derivative financial instruments.

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
			Market	
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash	Yes		Yes	
Trade and other receivables	Yes		Yes	
Trade and other liabilities		Yes	Yes	
Long-term debt		Yes		Yes

Credit risk

Credit risk arises from cash held with banks, trade and other receivables and loan receivable from associate. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. The Company is not aware of any collection issue with any receivable not currently past due.

Cash

Cash consists of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in Schedule 1 chartered Canadian banks.

(in Canadian Dollars)

Trade accounts receivables

Trade accounts receivables consists primarily of trade receivables (Note 14) from billings of services performed. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

This risk is mitigated through established credit management techniques, including monitoring counterparty's creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits. The carrying amount of trade accounts receivables are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statement of earnings in general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the statement of earnings and comprehensive income. Historically trade credit losses have been minimal.

A significant portion of the Company's sales were to a limited number of customers and consequently the Company is exposed to a concentration of credit risk. The Company defines concentration risk as customers whose outstanding receivable is 10% or greater than the total receivable balance or who represent 10% or greater of total revenue (Note 5). The Company's exposure with the one customer that fell into this category as at December 31, 2015, on aggregate, account for 11% of the Company's total accounts receivable balance. The customer is in the automotive industry. In 2014, the one customer is in the pharmaceutical industry and makes up 14% of the total net receivables. The receivable balances are monitored very closely and both the automotive customer and pharmaceutical customer are Fortune 500 companies.

The Company does not have any allowance for doubtful accounts as at December 31, 2015 and 2014. For details of the aging of the Company's trade receivables see Note 14.

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 by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as at December 31, 2015 and 2014:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
As at December 31, 2015:					
Trade and other payables	$ 760,038	$ -	$ -	$ -	$ 760,038
Long term debt	$ 41,740	$ 83,182	$ 371,644	$ 522,331	$ 1,018,897
	$ 801,778	$ 83,182	$ 371,644	$ 522,331	$ 1,778,935
As at December 31, 2014:					
Trade and other payables	$ 372,251	$ -	$ -	$ -	$ 372,251
Long term debt	$ 26,516	$ 52,771	$ 388,577	$ 217,242	$ 685,106
	$ 398,767	$ 52,771	$ 388,577	$ 217,242	$ 1,057,357

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of a financial instrument or its future cash flows.

Foreign exchange

The Company operates in Canada and the United States.

As at December 31, 2015, the Canadian entities US-dollar net monetary assets totaled approximately US$981,163 (CDN$1,358,011) (December 31, 2014 US$669,367 (CDN$776,528)) and the Company's United States subsidiaries US-dollar monetary net assets totaled approximately US$44,750 (CDN$61,938) (December 31, 2014 US$57,515 (CDN$66,723). A 10% strengthening in the Canadian dollar against the United States dollar as at December 31, 2015 would have decreased net earnings and shareholders' equity by $141,995 (December 31, 2014 a decrease of $84,325) (a 10% weakening would have had the equal but opposite effect). This analysis assumes that all other variables remain constant.

(in Canadian Dollars)

Interest rate

The Company has loans with variable rates which are exposed to interest rate fluctuations. A 1% variation would have an approximate $2,069 effect as at December 31, 2015 on net earnings and shareholders' equity (December 31, 2014 - $6,284).

30. CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, purchase and cancel shares previously issued, return capital to shareholders or sell assets to reduce debt. The Company considers the items included in the consolidated statement of shareholders' equity, long-term debt (including current portion), net of cash as its capital.

The Company also has certain positive covenants that it must meet with a Schedule 1 chartered Canadian bank in regards to its bank indebtedness, namely, a tangible net worth of at least $1,600,000 and a minimum debt service coverage ratio of not less than 120%. Throughout 2015 and as at December 31, 2015 the Company is compliant with all its covenants.

	As at December 31, 2015	As at December 31, 2014
Long-term debt, including current portion and bank indebtedness	$ 1,166,064	$ 628,437
Less cash	$ 368,701	$ 785,745
Net debt (surplus)	$ 797,363	$ (157,308)
Shareholders' equity	$ 4,031,054	$ 3,713,329
Total capital, net	$ 4,828,417	$ 3,556,021
Net surplus as a percentage of total capital	17%	-4%

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company targets year over year revenue increases with positive increases in earnings before interest, tax and amortization ("EBITDA"). These objectives are met through operational changes to enhance cash flow performance, the evaluation of acquisitions as they relate to the Company's market share and performance, and risk mitigation.

The Company is not subject to any statutory capital requirements and has no commitments, other than options, to sell or otherwise issue common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2015 compared to the year ended December 31, 2014. The Company was successful in increasing year over year revenue and was successful in meeting its objective for positive EBITDA.

31. SUBSEQUENT EVENTS

The Company renewed its normal course issuer bid ("NCIB") and during the first quarter of 2016 purchased and cancelled 300,500 of its shares at an average price of $0.40. As at March 30th, 2016, the Company has 14,822,811 common shares outstanding.

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