Consolidated Financial Statements
(Expressed in Canadian dollars)

NEXJ SYSTEMS INC.

Years ended December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of NexJ Systems Inc.

We have audited the accompanying consolidated financial statements of NexJ Systems Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 is 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 about 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 our 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, we consider internal control relevant to the entity'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 entity'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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of NexJ Systems Inc. as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

February 19, 2015
Toronto, Canada

NEXJ SYSTEMS INC.

Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (note 5)	$ 18,298	$ 29,293
Accounts receivable (note 6)	7,853	7,246
Prepaid expenses and other assets (note 7)	1,448	1,727
Total current assets	27,599	38,266
Non-current assets:		
Property and equipment (note 8)	2,472	3,014
Intangible assets (note 9)	1,756	1,643
Goodwill (note 9)	2,617	3,640
Other assets (note 10)	260	260
Total non-current assets	7,105	8,557
Total assets	$ 34,704	$ 46,823
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	$ 4,619	$ 4,677
Deferred revenue	4,726	5,021
Provisions (note 12)	121	572
Contingent consideration (note 13)	678	–
Total current liabilities	10,144	10,270
Non-current liabilities:		
Accrued liabilities (note 11)	391	596
Provisions (note 12)	234	742
Deferred tax liability (note 16)	16	–
Deferred revenue	238	212
Total non-current liabilities	879	1,550
Total liabilities	11,023	11,820
Shareholders' equity:		
Share capital (note 14)	83,306	83,018
Share purchase loans (note 14)	(3,622)	(3,622)
Contributed surplus (note 15)	5,783	5,515
Deficit	(61,786)	(49,908)
Total shareholders' equity	23,681	35,003
Share-based payment arrangements (note 15(a)(iv))		
Related party transactions (note 19)		
Contractual obligations (note 23)		
Guarantees (note 24)		
Total liabilities and shareholders' equity	$ 34,704	$ 46,823

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"David Yach" Director "William M. Tatham" Director

NEXJ SYSTEMS INC.

Consolidated Statements of Comprehensive Loss
(Expressed in thousands of Canadian dollars, except per share amounts)

Years ended December 31, 2014 and 2013

	2014	2013
Revenue:		
License and subscription fees	$ 3,451	$ 2,289
Professional services	16,990	19,016
Maintenance and support	5,401	6,009
	25,842	27,314
Expenses*:		
Professional service	12,402	15,123
Research and development, net	9,825	13,448
Sales and marketing	6,412	8,251
General and administrative	7,886	10,165
Impairment charge (note 9)	1,887	–
	38,412	46,987
Loss from operations	(12,570)	(19,673)
Foreign exchange gain	553	446
Finance income (note 20)	265	418
Finance costs	(126)	–
	692	864
Loss before income taxes	(11,878)	(18,809)
Income taxes (note 16)	–	–
Loss for the year and comprehensive loss	$ (11,878)	$ (18,809)
Loss per share (note 21):		
Basic and diluted	$ (0.58)	$ (0.92)
Weighted average number of common shares outstanding (note 21):		
Basic and diluted	20,403	20,377
*Share-based payment expense (note 15(a)(ii) has been included in expenses as follows:		
Professional service	$ 133	$ 230
Research and development, net	47	193
Sales and marketing	38	108
General and administrative	56	164
	$ 274	$ 695

See accompanying notes to consolidated financial statements.

NEXJ SYSTEMS INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2014 and 2013

2014	Common shares Number*	Common shares Amount	Share purchase loans*	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2013	20,330	$ 83,018	$ (3,622)	$ 5,515	$ (49,908)	$ 35,003
Comprehensive loss	–	–	–	–	(11,878)	(11,878)
Share-based payment expense (note 15(a)(ii))	–	–	–	274	–	274
Exercise of employee stock options (note 15(a)(iii))	1	6	–	(6)	–	–
Issuance of common shares on acquisition of Liberate	237	500	–	–	–	500
Repurchase of common shares (note 14(b)(ii))	(109)	(218)	–	–	–	(218)
Balance, December 31, 2014	20,459	$ 83,306	$ (3,622)	$ 5,783	$ (61,786)	$ 23,681

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements (note 14(b)(i)) are not recognized as outstanding until such time as payments are received on the loan balances. At December 31, 2014, 950 common shares were legally issued and outstanding to employees in connection with these agreements and included in the total outstanding common shares of 21,409.

2013	Common shares Number*	Common shares Amount	Share purchase loans*	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2012	20,368	$ 83,061	$ (3,622)	$ 4,859	$ (31,099)	$ 53,199
Comprehensive loss	–	–	–	–	(18,809)	(18,809)
Share-based payment expense (note 15(a)(ii))	–	–	–	695	–	695
Exercise of employee stock options (note 15(a)(iii))	16	64	–	(39)	–	25
Repurchase of common shares (note 14(b)(ii))	(54)	(107)	–	–	–	(107)
Balance, December 31, 2013	20,330	$ 83,018	$ (3,622)	$ 5,515	$ (49,908)	$ 35,003

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements (note 14(b)(i)) are not recognized as outstanding until such time as payments are received on the loan balances. At December 31, 2013, 950 common shares were legally issued and outstanding to employees in connection with these agreements and were included in the total outstanding common shares of 21,280.

See accompanying notes to consolidated financial statements.

NEXJ SYSTEMS INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from (used in) operating activities:		
Loss for the year	$ (11,878)	$ (18,809)
Adjustments for:		
Depreciation and amortization	1,714	1,946
Share-based payment expense	274	695
Finance income	(265)	(418)
Finance costs	126	–
Foreign exchange gain	(457)	(333)
Impairment charge (note 9)	1,887	–
Change in non-cash operating working capital:		
Accounts receivable	(565)	2,267
Income taxes receivable	–	146
Prepaid expenses and other assets	881	(735)
Accounts payable and accrued liabilities and provisions	(1,916)	(1,962)
Deferred revenue	(449)	(104)
Net cash flows used in operating activities	(10,648)	(17,307)
Cash flows from (used in) financing activities:		
Proceeds from exercise of employee stock options	–	25
Repayment of loan	(496)	–
Repayment of bank indebtedness	(66)	–
Repurchase of common shares	(218)	(107)
Interest paid	(4)	–
Net cash flows used in financing activities	(784)	(82)
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(285)	(332)
Interest received	265	418
Net cash flows from (used in) investing activities	(20)	86
Effects of exchange rates on cash and cash equivalents	457	333
Decrease in cash and cash equivalents	(10,995)	(16,970)
Cash and cash equivalents, beginning of year	29,293	46,263
Cash and cash equivalents, end of year	$ 18,298	$ 29,293
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	$ –	$ 2

See accompanying notes to consolidated financial statements.

1. Reporting entity:

NexJ Systems Inc. (the "Company") is incorporated in Canada with its corporate headquarters located at 10 York Mills Road, Suite 700, Toronto, Ontario, M2P 2G4.

The Company is a provider of cloud-based software, delivering enterprise solutions primarily for the financial services, insurance and health care industries.

In 2014, the Company undertook and finalized an internal reorganization of its operating activities and as a result, the Company now evaluates operational performance and reports its results of operations based on two reportable segments, Financial Services (formerly known as Enterprise Software) and Healthcare. The Financial Services segment includes enterprise solutions for finance and insurance industries with industry-specific capabilities. This segment also includes the Company's data analytics, business intelligence and mobile solutions. The Healthcare segment includes solutions for patient activation designed to empower patients to proactively manage their own health and wellness. Refer to note 18 for the changes in the Company's reportable segments.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRS issued as at February 19, 2015, the date the Board of Directors approved the consolidated financial statements.

2. Basis of preparation (continued):

(b) Basis of measurement:

These consolidated financial statements have been prepared principally under the historical cost basis, except for cash-settled deferred share units, which are measured at fair value. Other measurement bases used are described in the applicable notes.

Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. The consolidated statements of comprehensive loss are presented using the function classification for expenses.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. Actual results could differ from these estimates and assumptions.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued):

Key areas of estimation uncertainties and assumption that contain significant risk as a result of matters that are inherently uncertain and judgments include:

(i) Accounting for business combinations:

- Key sources of estimation uncertainty:

  The estimated fair value of acquired assets and liabilities assumed are determined at the date of acquisition. The determination and measurement of fair value requires management to make assumptions, estimates and utilizes established methodologies (note 4).

(ii) Impairment of goodwill and intangible assets:

- Critical judgments in applying accounting policies:

  Assessment of impairment is based on management's judgment of whether there are sufficient internal and external factors that would indicate that an asset or cash generating unit ("CGU") is impaired. The determination of a CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company's operations.

- Key sources of estimation uncertainty:

  Impairment tests are completed using the higher of fair value less costs to sell, where available, and value-in-use calculations, determined using management's best estimates of future cash flows, long-term growth rates and appropriate discount rates. Acquired intangibles are valued on acquisition using established methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangibles would generate net cash flows. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets will be derived (note 3(h) and (i)).

2. Basis of preparation (continued):

(iii) Estimation of useful lives of property and equipment and intangible assets:

- Key sources of estimation uncertainty:

  Useful lives over which assets are depreciated or amortized are based on management's judgment of future use and performance. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions (note 3(e) and (h)).

(iv) Fair value of share-based payments:

- Key sources of estimation uncertainty:

  Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. Separate from the fair value calculation, the Company estimates the expected forfeiture rate of equity-settled share-based payments based on the historical experience (note 15).

(v) Revenue recognition:

- Key sources of estimation uncertainty:

  In its determination of the amount and timing of revenue to be recognized, management relies on assumptions and estimates supporting its revenue recognition policy (note 3(b)). Estimates of the percentage of completion for applicable customer projects are based upon current actual and forecasted information and contractual terms.

- Critical judgments in applying accounting policies:

  A significant portion of the Company's revenues is generated from large, complex customer contracts. Management's judgment is applied regarding, among other aspects, the evaluation of multiple elements within these arrangements to assess whether deliverables can be recognized separately for revenue recognition purposes (note 3(b)).

2. Basis of preparation (continued):

(vi) Valuation of accounts receivable:

- Key sources of estimation uncertainty:

  The Company reviews the accounts receivable balances on a regular basis and estimates the likelihood of collection and records allowance for estimated losses. Management bases its estimates on historical experience and other relevant factors (note 17(b)).

(vii) Provisions:

- Key sources of estimation uncertainty:

  The measurement of provisions requires management to make estimates based only on the best information available at the reporting date. As additional information becomes available, the Company will reassess the potential liability and, if necessary, revise the provisions amounts (note 12), using management's best estimate at that reporting date.

- Critical judgments in applying accounting policies:

  Management's judgment is required to assess whether provisions should be recognized or disclosed. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant changes in the assumptions, including those with respect to future business plans and estimated cash flows, could materially change the recorded carrying amounts and amounts recognized in statements of comprehensive loss. Refer to significant accounting policies below for further information with respect to these significant estimates and assumptions.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements, unless otherwise indicated:

(a) Basis of consolidation:

Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the accounts of the Company and its two wholly owned subsidiaries: NexJ Health Inc. (formerly Liberate Ideas Inc.), a company incorporated under the Ontario Business Corporations Act and Broadstreet Data Solutions America, Inc. ("Broadstreet"), a company incorporated in the State of Georgia in the United States (together referred to as the "Company").

Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

The acquisition method of accounting is used to account for the business acquisitions as follows:

(i) consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and acquisition transaction costs are expensed as incurred;

(ii) identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;

(iii) the excess of the fair value of consideration transferred, including the recognized amount of any non-controlling interest of the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill; and

(iv) if the fair value of the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated statements of comprehensive loss as a bargain purchase gain.

3. Significant accounting policies (continued):

(b) Revenue recognition:

Revenue represents the fair value of consideration received or receivable from customers for licenses and services provided by the Company, net of discounts and sales taxes. The Company's revenue is derived primarily from licensing of software products under non-cancellable license agreements and the provision of related professional services, including installation, integration and post-contract customer support ("PCS").

The Company's software license agreements are multiple-element arrangements as they may also include professional services and PCS. Multiple-element arrangements are recognized as the revenue for each unit of accounting is earned based on the relative fair value of each unit of accounting, as determined by objective evidence of prices or by using the residual method, whereby the discount, if any, is allocated to the delivered item being the software license. A delivered element is considered a separate unit of accounting if it has value to the customer on a stand-alone basis, and delivery or performance of the undelivered elements is considered probable and substantially under the Company's control. If these criteria are not met, revenue for the arrangement as a whole is accounted for as a single unit of accounting.

Revenue from the license of software and subscription based arrangements involving significant implementation or customization essential to the functionality of the software is recognized under contract accounting using the percentage-of-completion method to measure the progress to completion, with consideration for customer acceptance provisions, the timing of payments and the Company's history with similar arrangements. The Company uses the ratio of incurred labour hours to estimated total labour hours as the measure of its progress to completion on each contract. Revisions in estimates are included in the consolidated statements of comprehensive loss in the year in which changes occur in the circumstances on which the estimates were based or as a result of new information.

License revenue, when services are not deemed essential to the functionality of the software, is recognized when the Company has an executed agreement, the software has been delivered, acceptance is probable, the amount of the fee to be paid by the customer can be reliably measured, and the collection of the related receivable is deemed probable from the outset of the arrangement.

3. Significant accounting policies (continued):

Professional services revenue, including implementation and customization of software, is recognized by the stage of completion of the customer arrangement at the consolidated statements of financial position dates determined using the percentage-of-completion method noted above. Installation and integration services revenue, when deemed not essential to the functionality of the software, is recognized as delivered to the customer, based on the prices charged when these services are sold separately to customers. Out-of-pocket expenditures that are contractually reimbursable from customers are recorded as gross revenue and expenditures.

PCS revenue is recognized ratably over the term of the support agreement based on the price charged for the same or similar PCS when sold in stand-alone PCS renewals with customers, as substantiated by contractual renewal rates and the Company's PCS renewal experience. Revenue not recognized in consolidated statements of comprehensive loss under this policy is classified as deferred revenue in the consolidated statements of financial position when amounts have been billed in advance.

The Company also derives software license revenue from subscription-based arrangements where professional services are not essential. In such arrangements, professional services are recognized as delivered to the customer and the subscription revenue is recognized ratably over the applicable customer contract term when delivery has occurred, the sales price is fixed and determinable and collection is reasonably assured.

Revenue from sales through reseller arrangements is recognized when the software license is sold to the end-user customer, and when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. These customers generally do not have rights of return. Sales of software licenses in which the Company acts as an agent are presented on a net basis in the consolidated statements of comprehensive loss as net license reseller revenue.

Amounts are generally billable upon reaching certain performance milestones, as defined by individual contracts. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

3. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and highly liquid instruments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(d) Allowance for doubtful accounts:

The recoverability of the accounts receivable balances is assessed at each reporting date and an allowance for doubtful accounts is deducted from the asset's carrying value if the amount is not considered fully recoverable. Any change in the allowance is recognized within general and administrative costs in the consolidated statements of comprehensive loss.

(e) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation and amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation and amortization is recognized over the estimated useful lives of the assets using the following bases and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%
Office equipment	Declining balance	30%
Computer software	Straight line	100%
Leasehold improvements	Straight line	Over shorter of estimated useful life and lease term

Upon disposition, the cost and related accumulated depreciation and amortization and accumulated impairment losses, if any, are removed from the accounts and the resulting gain or loss is reflected in consolidated statements of comprehensive loss. Expenditures for maintenance and repairs are charged to expense as incurred.

3. Significant accounting policies (continued):

(f) Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statements of comprehensive loss as an expense in the year in which they are incurred. Development costs that are expected to provide future benefits with reasonable certainty and meet all the criteria for deferral are capitalized. No development costs have been capitalized at December 31, 2014 or 2013.

(g) Investment tax credits:

The Company is entitled to certain refundable and non-refundable Canadian investment tax credits ("ITCs") for qualifying research and development activities performed in Canada. The ITCs are accounted for as a reduction of the related expenditures for items expensed in the consolidated statements of comprehensive loss or as a reduction of the related asset's cost for items capitalized in the consolidated statements of financial position when the amount is reliably estimable and realization is reasonably assured.

(h) Goodwill and intangible assets:

(i) Goodwill:

Goodwill is measured at cost less any subsequent impairment in value.

Transaction costs, other than those associated with the issuance of debt and equity securities that the Company incurs in connection with the business combination, are expensed as incurred.

(ii) Intangible assets:

Intangible assets are measured at cost less accumulated amortization, where applicable, and accumulated impairment losses.

3. Significant accounting policies (continued):

Intangible assets acquired on a business combination are measured at their acquisition date estimated fair value. The Company uses the income approach to value acquired customer relationships, acquired technology and non-competition intangible assets. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the estimated cash flows that the asset can be expected to generate over its estimated useful life.

The Company utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant's perspective. The present value of the forecasted cash flows, net of tax, are then added to the present value of the residual value of the intangible assets (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the fair value of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not hold any intangible assets with indefinite lives.

Finite life intangible assets are amortized from the date of acquisition and amortization is recognized in the consolidated statements of comprehensive loss on a straight-line basis over the estimated useful life of the asset, since this most closely reflects the expected usage and pattern of consumption of the future economic benefits embodied in the asset.

Amortization is provided on a straight-line basis over the following estimated useful lives of intangible assets:

Customer relationships	3 to 4 years
Non-competition agreements	Life of agreement
Technology	4 years

Residual values and the useful lives of the assets are reviewed at each year end, and revised as necessary.

3. Significant accounting policies (continued):

(i) Impairment:

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at December 31.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates largely independent cash flows. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of a 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 that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are recognized in the consolidated statements of comprehensive loss.

An impairment loss in respect of goodwill cannot be reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(j) Employee benefits:

(i) Termination benefits:

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(ii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided.

(iii) Incentive compensation plans:

The Company has an annual incentive compensation plan with senior executives under which certain amounts are payable over a three-year period. In addition, the Company has a retention bonus plan for certain employees that will be paid over a period ranging from two to three years. In such instances, the amounts payable more than 12 months after the reporting date are reported as a non-current liability and discounted to their present value. The costs of these plans are recognized in the year in which the compensation is earned. The discount rate used is the yield at the reporting date on AA credit-rated bonds or similar instruments that have maturity dates approximating the payment terms of the plan.

3. Significant accounting policies (continued):

(k) Share-based payment transactions:

(i) Share-based payment plan:

The Company has a share-based payment plan under which the Company issues stock options. Stock options generally vest over a four-year vesting period with 25% of the options vested and exercisable after the first year and the remainder vested and exercisable in 12 equal quarterly instalments over the remaining three years. The Company applies a fair value method of accounting to each instalment of stock options granted to employees.

The grant date fair value of stock options granted to employees is recognized as share-based compensation expense, with a corresponding increase to contributed surplus, over the period that the employees become unconditionally entitled to the stock options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. Compensation cost is recognized so that each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. No compensation expense is recognized for options that are forfeited and have not met the service requirement for vesting. When options are exercised, the proceeds, as well as the related amount in contributed surplus, are credited to share capital. The Company uses the Black-Scholes option pricing model to determine fair value of stock options at the grant date. Measurement inputs include the price of shares on the measurement date, exercise price of the option, expected volatility, weighted average expected life of the option (based on historical experience and option holder behaviour), expected dividends and the risk-free interest rate.

(ii) Deferred share unit ("DSU") plan:

The Company has a DSU plan under which the Company issues DSUs for directors' annual remuneration which will be settled in cash. These DSUs meet the definition of a financial liability and, based on the expected timing of payment, are recorded as non-current liabilities. The initial measurement of the liability and compensation costs for these awards is based on the fair value of the award at the date of the grant. Subsequently, the awards are remeasured at each reporting date and the changes in the Company's liability, due to changes in the fair value of the award prior to the settlement date, are recognized in the consolidated statements of comprehensive loss in the period incurred. The payment amount is established as of the exercise date of the award.

3. Significant accounting policies (continued):

(l) Loss per share:

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the loss for the year by the sum of the weighted average number of common shares outstanding and the dilutive common share equivalents outstanding during the year. Common share equivalents consist of the shares issuable upon exercise of stock options and shares issuable upon exercise of common share unit options calculated using the treasury stock method. Common share equivalents are not included in the calculation of the weighted average number of shares outstanding for diluted loss per share when the effect would be anti-dilutive.

(m) Income taxes:

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

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

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the consolidated financial statement carrying values of existing assets and liabilities and their respective income tax bases, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

3. Significant accounting policies (continued):

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered and settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the consolidated statements of comprehensive loss in the year that includes the enactment or substantive enactment 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.

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. 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.

In determining the amount of current and deferred taxes, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its tax liabilities for uncertain tax positions are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies at the reporting dates are translated into the functional currency at the exchange rates at those dates. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated at rates of exchange at each transaction date. Revenue and expenses are translated at rates of exchange in effect at the time of the transactions, except to the extent that they relate to items translated at historical rates; in which case, historical rates are applied. Foreign exchange gains or losses on translation are recognized in the consolidated statements of comprehensive loss.

3. Significant accounting policies (continued):

The assets and liabilities of the Company's foreign operations are translated to Canadian dollars at the rate of exchange in effect at the consolidated statements of financial position dates. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in the consolidated statements of comprehensive loss.

(o) Lease payments:

Payments made under operating leases are recognized in the consolidated statements of comprehensive loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(p) Financial instruments:

(i) Recognition, classification and measurement:

Financial assets are recognized in the consolidated statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are, for measurement purposes, grouped into classes. The classification depends on the purpose and is determined at initial recognition.

3. Significant accounting policies (continued):

(a) Held-for-trading:

The Company has classified its cash equivalents as held-for-trading. Held-for-trading financial investments are subsequently measured at fair value and all gains and losses are included in the consolidated statements of comprehensive loss in the year in which they arise. Short-term investments consist of instruments with original maturities greater than three months but less than one year when purchased.

(b) Loans and receivables:

Loans and receivables which comprise accounts receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

(c) Other financial liabilities:

The Company has classified its accounts payable and accrued liabilities as other financial liabilities. Financial liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and liability simultaneously.

(ii) Impairment of financial instruments:

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

3. Significant accounting policies (continued):

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the consolidated statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statements of comprehensive loss.

(iii) Share capital:

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

(q) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions also include onerous contracts, which are recognized when the expected benefits to be derived by the Company from a contract are lower than unavoidable cost of meeting its obligations under the contract. Provisions are measured at the estimated future cash flows required to settle the present obligation, based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as finance cost.

3. Significant accounting policies (continued):

(r) Finance income and finance costs:

Finance income comprises interest income on cash equivalents recognized in the consolidated statements of comprehensive loss as it accrues, using the effective interest method. Finance costs comprise interest expense on borrowings that are recognized in the consolidated statements of comprehensive loss.

(s) Recently adopted accounting pronouncements:

The significant accounting policies set out in the consolidated financial statements have been applied consistently to all periods presented, unless otherwise indicated.

Effective January 1, 2014, the Company adopted the following new standard and amendments to IFRS:

(i) International Accounting Standard ("IAS") 32, Financial Instruments - Offsetting Financial Assets and Financial Liabilities ("IAS 32"):

IAS 32 has been amended to provide further clarification that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event, and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. Also the amendments clarify when a settlement mechanism provides for a net settlement or gross settlement that is equivalent to net settlement. The adoption of this new standard did not have any significant impact on these consolidated financial statements.

(t) Recent accounting pronouncements:

A number of new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements. In particular, the following relevant new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2015, unless otherwise noted:

3. Significant accounting policies (continued):

(i) IFRS 9, Financial Instruments ("IFRS 9"):

IFRS 9 replaces IAS 39, Financial Instruments - Recognition and Measurement, on the classification and measurement of financial assets and financial liabilities. Financial assets will be classified into one of two categories on initial recognition: amortized cost or fair value. For financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the change recognized in the consolidated statements of comprehensive loss. The standard is effective for annual periods beginning on or after January 1, 2018 with retroactive application.

(ii) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"):

IFRS 15 replaces IAS 11, Construction contracts; IAS 18, Revenue; IFRIC 13, Customer Loyalty Programmes; IFRIC 15, Agreements for the Construction of Real Estate; IFRIC 18, Transfer of Assets from Customers and Standing Interpretation Committee 31, Revenue-Barter Transactions Involving Advertising Services; and introduces a single model of recognizing revenue from contracts with customers, except leases, financial instruments and insurance contracts. The standard is effective for annual periods beginning on or after January 1, 2017 with retroactive application and with early adoption permitted.

(ii) Amendments to IAS 38, Intangible Assets, and IAS 16, Property, Plant and Equipment:

In May, 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

The Company intends to adopt each of the above standards, as applicable to the Company, in the year in which they are effective. The Company is reviewing these new standards and amendments to determine the potential impact on the Company's consolidated financial statements once they are adopted.

4. Business combination:

On April 23, 2014 (the "Acquisition Date"), the Company, under a share purchase agreement (the "Agreement), acquired all of the outstanding common shares of Liberate Ideas Inc. ("Liberate"), a privately held company based in Toronto, Ontario. Liberate developed a point-of-care patient education application used by health care professionals to educate patients at the point-of-care using a portfolio of infographic teaching presentations.

Under the terms of the Agreement, the Company will pay a total consideration of up to $2,000, in a combination of cash and common shares which includes certain earn-out provisions, to be settled in combination of 50% in cash, and 50% in common shares of the Company.

The components of the total consideration are as follows:

(a) On the Acquisition Date, the Company paid cash of $500 to repay Liberate's selling shareholder's loan. Management has considered this as a post-acquisition transaction and, therefore, has excluded this amount from the purchase consideration for the purposes of acquisition accounting.

(b) On closing, the Company issued 237,192 common shares at a price of $2.11 per common share, aggregating to $500, which represented the 20-trading day average closing price of the Company's common shares on the Toronto Stock Exchange ("TSX") for the period ended April 21, 2014. As set forth in the Agreement, the common shares issued are held in escrow for a period of one year from the Acquisition Date.

(c) A portion of the total consideration up to a maximum of $1,000, payable 50% in cash and 50% in common shares, is contingent consideration subject to an earn-out arrangement over the earn-out period ending April 23, 2015. The earn-out is determined based on a post-acquisition customer bookings target, as specified in the Agreement. For purposes of acquisition accounting, the Company has estimated the fair value of the contingent consideration to be $556 as at April 23, 2014. The fair value of the contingent consideration was calculated by using probabilities-based outcomes. Accordingly, the estimated contingent consideration liability will be revalued to its estimated amount at each balance sheet date with any changes in such estimates recorded in the consolidated statements of comprehensive loss. The fair value of the contingent consideration liability was $678 as at December 31, 2014.

(Expressed in thousands of Canadian dollars, except per share amounts)

4. Business combination (continued):

The acquisition was accounted for using the acquisition method with the results of operations consolidated with those of the Company in the Healthcare segment effective April 23, 2014.

The Company applied estimates and assumptions in accounting for the acquisition of Liberate relating to the allocation of the purchase consideration, valuation of identifiable intangible assets, valuation of contingent consideration and other valuations used in the business acquisition, such as deferred revenue.

During the year ended December 31, 2014, the Company finalized the estimated fair values of the identifiable assets and liabilities acquired as part of the Liberate acquisition. The adjustments to the estimated fair values post-acquisition are described in the paragraphs below.

The following table summarizes the estimated fair values of the identifiable assets acquired and liabilities assumed as part of the Liberate acquisition:

Assets acquired:	
Accounts receivable	$ 43
Prepaid expenses and other assets	602
Intangible assets	1,000
	1,645
Liabilities assumed:	
Bank indebtedness	66
Accounts payable and accrued liabilities	695
Deferred revenue	180
Loan	496
Deferred tax liability	16
	1,453
Identified net assets acquired	192
Goodwill	864
	$ 1,056
Common shares of the Company	$ 500
Contingent consideration (note 13)	556
Total purchase consideration	$ 1,056

4. Business combination (continued):

The Company allocated $1,000 to intangible assets, comprised of customer relationships and acquired technology based on their estimated fair values at the Acquisition Date. These intangible assets are being amortized over their estimated useful lives, expected to be four years for customer relationships and acquired technology. The useful lives of the intangible assets are determined using the period of time over which the assets are anticipated to contribute to the Company's expected future cash flows.

Goodwill is calculated as the difference between the Acquisition Date fair value of the consideration transferred and the fair values assigned to the assets acquired and liabilities assumed. The goodwill recorded on the business combination is attributable to the intangible assets that do not qualify for separate recognition (for instance, the assembled workforce); and operating synergies and other benefits expected to result from combining the operations of the Company and Liberate. Goodwill was allocated to the Healthcare segment. No amount of the goodwill is expected to be deductible for tax purposes.

The Company incurred acquisition-related costs of $50 relating to professional fees and due diligence costs. These have been included in general and administrative expenses in the consolidated statements of comprehensive loss.

Subsequent to the acquisition, a notice of claim was filed against the Company by a third party. On September 26, 2014, the Company entered into a settlement, the terms of which included a one-time payment of $448 on October 1, 2014, full rights to the Liberate software as it existed at the Acquisition Date, and full and final release, including dismissal of the pending action. The Company has indemnification rights under the Agreement, pursuant to which the one-time payment will be recovered by the Company against the earn-out arrangement. The Company has incurred legal expenses of $312 included in general and administrative expenses in the consolidated statements of comprehensive loss.

As this matter related to facts and circumstances that existed at the Acquisition Date, the Company recorded $448 as a receivable under prepaid expenses and other assets with a corresponding increase in liabilities based on the estimated fair value.

In addition, the Company waived the working capital deficiency due from the selling shareholder who became an employee of the Company, which existed at the acquisition date and was deemed to have an estimated fair value of nil.

(Expressed in thousands of Canadian dollars, except per share amounts)

4. Business combination (continued):

Pro forma disclosure:

The acquisition of Liberate contributed revenue of $148 and a loss of $468 for the year ended December 31, 2014. If the acquisition occurred on January 1, 2014, management estimates that the pro forma consolidated revenue for the year ended December 31, 2014 would have been $25,913 and consolidated loss for the year ended December 31, 2014 would have been $12,086, as compared to the amounts reported in the consolidated statements of comprehensive loss. This unaudited pro forma financial information is for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the results that may be realized in the future.

5. Cash and cash equivalents:

	2014	2013
Cash and cash equivalents:		
Bank balances	$ 5,521	$ 6,573
Call deposits	12,777	22,720
	$ 18,298	$ 29,293

The Company's exposure to interest rate risk is discussed in note 17(b).

6. Accounts receivable:

	2014	2013
Accounts receivable, gross	$ 7,912	$ 7,246
Allowance for doubtful accounts	(59)	–
	$ 7,853	$ 7,246

The accounts receivable are regularly reviewed for objective evidence of impairment. For the year ended December 31, 2014, general and administrative expenses include bad debt expense of $83 (2013 - nil).

(Expressed in thousands of Canadian dollars, except per share amounts)

6. Accounts receivable (continued):

The aging of the gross accounts receivable at each reporting date was as follows:

	2014	2013
Current	$ 4,947	$ 3,910
Past due 1 - 90 days	1,256	2,285
Past due > 91 days	1,650	1,051
	$ 7,853	$ 7,246

The change in the allowance for doubtful accounts was as follows:

	2014	2013
Balance, beginning of year	$ –	$ 245
Charges	59	–
Write-offs	–	245
Balance, end of year	$ 59	$ –

The Company's exposure to credit risk is discussed in note 17(b).

7. Prepaid expenses and other assets:

	2014	2013
Prepaid expenses	$ 424	$ 306
Indemnification asset (note 4)	448	–
Ontario investment tax credits receivable	100	–
Ontario co-op credits receivable	54	673
Other	422	748
	$ 1,448	$ 1,727

(Expressed in thousands of Canadian dollars, except per share amounts)

8. Property and equipment:

(a) Cost:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, January 1, 2013	$ 964	$ 2,296	$ 127	$ 489	$ 2,890	$ 6,766
Additions	79	84	8	163	–	334
Disposal	–	–	–	–	(697)	(697)
Balance, December 31, 2013	1,043	2,380	135	652	2,193	6,403
Additions	–	41	131	17	96	285
Disposal	–	–	–	–	–	–
Balance, December 31, 2014	$ 1,043	$ 2,421	$ 266	$ 669	$ 2,289	$ 6,688

(b) Accumulated depreciation and amortization:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, January 1, 2013	$ 312	$ 1,235	$ 56	$ 384	$ 910	$ 2,897
Depreciation and amortization	130	302	20	144	593	1,189
Disposal	–	–	–	–	(697)	(697)
Balance, December 31, 2013	442	1,537	76	528	806	3,389
Depreciation and amortization	111	232	36	92	356	827
Balance, December 31, 2014	$ 553	$ 1,769	$ 112	$ 620	$ 1,162	$ 4,216

(c) Carrying amounts:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2013	$ 601	$ 843	$ 59	$ 124	$ 1,387	$ 3,014
Balance, December 31, 2014	490	652	154	49	1,127	2,472

During the year ended December 31, 2014, the Company wrote off the cost and accumulated amortization of fully amortized leasehold improvements of nil (2013 - $697) as these were no longer in use.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Intangible assets and goodwill:

(a) Cost:

		Intangible assets			
	Goodwill	Customer relationships	Non-competition agreements	Technology	Total
Balance, January 1, 2013	$ 3,640	$ 2,026	$ 500	$ –	$ 2,526
Additions	–	–	–	–	–
Balance, December 31, 2013	3,640	2,026	500	–	2,526
Acquisition through business combination	864	190	–	810	1,000
Balance, December 31, 2014	$ 4,504	$ 2,216	$ 500	$ 810	$ 3,526

(b) Amortization and impairment losses:

		Intangible assets			
	Goodwill	Customer relationships	Non-competition agreements	Technology	Total
Balance, January 1, 2013	$ –	$ 84	$ 42	$ –	$ 126
Amortization	–	507	250	–	757
Balance, December 31, 2013	–	591	292	–	883
Amortization	–	539	208	140	887
Impairment charge	1,887	–	–	–	–
Balance, December 31, 2014	$ 1,887	$ 1,130	$ 500	$ 140	$ 1,770

(c) Carrying amounts:

		Intangible assets			
	Goodwill	Customer relationships	Non-competition agreements	Technology	Total
Balance, December 31, 2013	$ 3,640	$ 1,435	$ 208	$ –	$ 1,643
Balance, December 31, 2014	2,617	1,086	–	670	1,756

(d) Impairment:

For the purposes of impairment testing, the Company allocates its goodwill to the CGU, which is the smallest identifiable groups of assets that generate cash inflows from continuous use and that are largely independent of the cash inflows of other assets or groups of assets.

9. Intangible assets and goodwill (continued):

The carrying value of goodwill is primarily attributable to the operations acquired from Broadstreet and Liberate, which are considered two separate CGUs.

The Company tested CGUs with allocated goodwill for impairment as at December 31, 2014. When assessing whether or not there is impairment, the recoverable amount of the CGUs is determined based on value-in-use calculations by:

(i) Discounting estimated future cash flows over a period of 5 years to their present value, along with a terminal value;

(ii) The future cash flows are based on our estimates and expected future operating results of the CGU after considering future business plans, economic conditions and a general outlook for the industry in which the CGU operates;

(iii) The discount rates used consider market rates of return, debt to equity ratios and certain risk premiums, among other things; and

(iv) The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows.

The table below is an overview of the methods and assumptions used to determine recoverable amounts for CGUs with goodwill.

CGU	Carrying value of goodwill	Recoverable method	Periods used (years)	Terminal growth rates (%)	Pre-tax discount rates (%)
Broadstreet	$3,640	Value in use	5	2	30
Liberate	864	Value in use	5	3	45

These assumptions are subjective judgments and estimates based on the Company's experience and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections, long-term growth rates or pre-tax discount rates are different to those used, the outcome of future impairment tests could result in a different outcome with a CGU's goodwill being impaired.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Intangible assets and goodwill (continued):

(e) Impairment charge:

At December 31, 2014, the recoverable amount of the Broadstreet CGU was determined to be $3,400 as compared to the carrying value of $5,287. As a result, for the year ended December 31, 2014, the Company recorded an impairment charge of $1,887 (2013 - nil) against the carrying value of the allocated goodwill to the Broadstreet CGU.

The recoverable amount of the Broadstreet CGU declined due to the decrease in revenues as the Company ceased doing the custom mobile services and shifted its focus to the new data governance product and related services going forward.

The Company also reviewed the useful life of the definite life intangible assets for the Broadstreet CGU and reduced it from 4 years to 3 years. This change in accounting estimate will be accounted for on a prospective basis. With respect to its definite life intangible assets, at the end of each reporting year, the Company assesses whether there is any indication that any of these may be impaired and performs an impairment analysis where indicators are noted. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs of disposal and its value-in-use.

10. Other non-current assets:

Other non-current assets include rental deposits of $260 (2013 - $260) for the leased office premises, which are released at specified dates during the lease term, which expires in 2017.

11. Accounts payable and accrued liabilities:

	2014	2013
Trade payables	$ 1,013	$ 652
Employee and director compensation payable	2,254	2,996
Accrued expenses	1,743	1,625
	$ 5,010	$ 5,273

(Expressed in thousands of Canadian dollars, except per share amounts)

11. Accounts payable and accrued liabilities (continued):

The employee and director compensation payable and accrued expenses include $290 and $101 (2013 - $596 and nil), respectively, which has been classified under non-current liabilities on the consolidated statements of financial position.

12. Provisions:

	Earn-out obligation	Lease-exit charges	Other	Total
Balance, January 1, 2013	$ 384	$ –	$ 44	$ 428
Provisions made	675	1,211	246	2,132
Provisions used	–	–	(74)	(74)
Provisions reversed	(1,059)	–	(113)	(1,172)
Balance, December 31, 2013	–	1,211	103	1,314
Provisions used	–	(231)	(103)	(334)
Provisions reversed	–	(625)	–	(625)
Balance, December 31, 2014	$ –	$ 355	$ –	$ 355

2014	Earn-out obligation	Lease-exit charges	Other	Total
Short term	$ –	$ 121	$ –	$ 121
Long term	–	234	–	234
	$ –	$ 355	$ –	$ 355

2013	Earn-out obligation	Lease-exit charges	Other	Total
Short term	$ –	$ 469	$ 103	$ 572
Long term	–	742	–	742
	$ –	$ 1,211	$ 103	$ 1,314

12. Provisions (continued):

(a) Earn-out obligation:

As part of the acquisition of Broadstreet in fiscal 2012, a portion of the total consideration up to a maximum of $2,192, payable 54% in cash and 46% in common shares, was subject to an earn-out arrangement over the earn-out period which ended on December 31, 2014. The earn-out was determined based on certain post-acquisition period revenue targets, as specified in the Agreement. In addition to the revenue targets, the earn-out arrangement was contingent upon the continued employment of the selling shareholders of Broadstreet during the earn-out period. In the event of resignation or termination of the selling shareholders of Broadstreet with cause from the Company during the earn-out period, the proportionate earn-out amounts were automatically considered forfeited.

At the end of the Broadstreet earn-out period, the earn-out provisions were nil as the earn-out targets were not met. Based on the probability of achieving such targets in connection with an assessment of revenue estimates and forecasts at that time and the fact that two of the selling shareholders of Broadstreet were no longer entitled to the rights under the Agreement, the Company had recorded a net reversal of $384 in the consolidated statements of comprehensive loss for the year ended December 31, 2013.

(b) Lease-exit charges:

In November 2013, the Company vacated a portion of its leased office premises and recognized a liability for discounted future lease payments related to the vacated office facility that no longer had any operating business activities. The Company recognized a liability for the discounted future lease payments to which the Company is committed, less expected future sublease income, in the amount of $1,211, which was recorded as a provision as at December 31, 2013 and the charge was recognized as a general and administrative expense in the consolidated statements of comprehensive loss.

12. Provisions (continued):

During the three months ended March 31, 2014, the Company commenced negotiating a sublease arrangement with a third party and executed an offer to sublease in April, 2014, with the legal agreements executed in June 2014. As a result, the Company revised its estimates with respect to the vacated office facility and reversed a component of the provision in the amount of $625 under general and administrative expense in the consolidated statements of comprehensive loss. During the year ended December 31, 2014, the Company applied $469 of rent paid, offset by rental income received under the sublease arrangement of $238, relating to the vacated portion of its leased office premises against the provision recorded in the prior year (note 23).

(c) Other:

Other provisions included retention bonuses to certain Broadstreet employees and cash to be paid to the former Broadstreet employees who completed a cashless exercise of their unvested Broadstreet stock options into Broadstreet common shares prior to the acquisition of Broadstreet. During the year ended December 31, 2014, the balance of $103 (2013 - nil) was paid in accordance with the Broadstreet acquisition agreement.

13. Contingent consideration:

As part of the acquisition of Liberate, a portion of the total consideration up to a maximum of $1,000, payable in 50% cash and 50% common shares, is contingent consideration subject to an earn-out arrangement over the earn-out period ending April 23, 2015. The earn-out is determined based on post-acquisition customer bookings targets as specified in the Agreement. As at April 23, 2014 and June 30, 2014, the Company reviewed and assessed the probability of achieving such targets and, based on estimates or forecasts, the Company recorded $556 as the contingent consideration liability. There were no subsequent changes in management's assessment. Refer to the business combination in note 3. For the year ended December 31, 2014, the Company has recorded a finance expense of $122 under finance costs on this liability, resulting in an aggregated balance of contingent consideration liability of $678.

14. Share capital:

(a) Authorized:

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. No preferred shares have been issued.

Each common share of the Company entitles its holder to one vote at all meetings of shareholders subject to certain restrictions with respect to the voting rights.

Each common share of the Company is also entitled to receive dividends if, as and when declared by the Board of Directors. Holders of common shares will participate in any distribution of net assets of the Company upon liquidation, dissolution or winding up of the Company on an equal basis per share, but subject to the rights of the holders of the preferred shares.

(b) Issued:

21,409,346 common shares (2013 - 21,280,523)

(i) On March 28, 2011, in preparation of its initial public offering ("IPO"), the Company entered into loan and share pledge agreements with certain employees and officers ("Exercise Persons") in order to reduce the amount of the Company's outstanding option pool. The participating employees were issued an interest-free share purchase loan to exercise all of their granted and outstanding options as of March 28, 2011, which were originally scheduled to vest on or prior to December 31, 2011. The Company provided $3,745 in share purchase loans to facilitate the issuance of 970,898 common shares as a result of the acceleration involving the exercise of the applicable employee stock options. On May 2, 2011, as part of the March 28, 2011 share and loan pledge agreements, the Company provided an additional $97 in share purchase loans to facilitate the issuance of 28,123 common shares as a result of the acceleration involving the exercise of the applicable employee stock options.

14. Share capital (continued):

These shares acquired upon exercise of the employee stock options are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid. The share purchase loans are immediately due and payable to the Company upon the sale of the common shares or upon the termination of employment, subject to certain conditions being met. Despite their legal form, the share purchase loans are accounted for on the same basis as a grant of a stock option under IFRS. As such, for accounting purposes, the common shares issued and the share purchase loans granted under the loan and share pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances.

For the year ended December 31, 2014, the Company received repayment of nil (2013 - nil) for nil common shares (2013 - nil) and also cancelled nil common shares (2013 - nil) amounting to nil (2013 - nil) with respect to the share loan and pledge agreements. At December 31, 2014, 950,272 common shares (2013 - 950,272) for proceeds of $3,622 (2013 - $3,622) based on the grant-date value of the loans were held as security by the Company with respect to the share purchase loan and pledge agreements.

The Company entered into a non-binding retention bonus agreement dated March 28, 2011 with certain Exercise Persons, pursuant to which each Exercise Person was allocated a retention bonus in the amount of their respective share purchase loan, which could vest in a future period at the sole discretion of the Company and may be paid in instalments over a three-year period. For the year ended December 31, 2014, the Company expensed $426 (2013 - $690) relating to these retention bonuses for certain Exercise Persons. The amounts paid to the Exercise Persons under these bonus arrangements are not required to be used to repay the share purchase loans.

(ii) In December, 2013, the Company applied to the TSX to make a Normal Course Issuer Bid ("NCIB"), which was accepted by the TSX on December 12, 2013, for purchases of its common shares through all available markets and/or alternative trading systems, including the facilities of the TSX. The maximum number of common shares which could be purchased until December 15, 2014 pursuant to the NCIB aggregated to 1,000,000 common shares, representing approximately 4.7% of the number of common shares issued and outstanding as at December 10, 2013. The actual number of common shares purchased and the timing of such purchases were determined by the Company considering market conditions, stock prices, its cash position and other factors.

(Expressed in thousands of Canadian dollars, except per share amounts)

14. Share capital (continued):

During the year ended December 31, 2014, the Company repurchased and cancelled 109,700 (2013 - 53,578) of its common shares through trades on the TSX for an aggregate purchase price of $218 (2013 - $107), which was recorded as a reduction of share capital.

15. Share-based payment arrangements:

At December 31, 2014, the Company had the following share-based payment arrangements:

(a) Stock option plan:

(i) On April 21, 2011, the Board of Directors approved an amended stock option plan (the "2011 Option Plan"), effective upon closing of the IPO, for the purpose of recognizing contributions made by employees, officers and others by granting to them options to purchase common shares of the Company. All options granted under the previous option plan and all new options granted under the 2011 Option Plan are now governed by the 2011 Option Plan. The 2011 Option Plan reduces the contractual life of the options to seven years for new options issued; the options issued prior to the 2011 Option Plan will continue to have a contractual life of 10 years. The 2011 Option Plan also mandates that the maximum aggregate number of outstanding options shall not exceed 10% of the outstanding common shares at the relevant grant date.

The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions at the measurement date:

	2014	2013
Risk-free interest rates	1.5%	1.4%
Expected life (years)	4.6	4.6
Volatility	56%	53%
Forfeiture rate	13%	10%

15. Share-based payment arrangements (continued):

The weighted average grant date fair value of options granted during the year was $1.14 (2013 - $1.51). The grant date fair value of the options granted during the year ended December 31, 2014, net of forfeitures, was $267 (2013 - $572), which will be recognized over the vesting period ranging up to four years.

(ii) The total share-based payment expense and the amount credited to contributed surplus for the year ended December 31, 2014 was $274 (2013 - $695).

(iii) As per the Agreement, certain former Broadstreet employees completed a cashless exercise of their unvested Broadstreet stock options into Broadstreet common shares prior to the Acquisition Date and were entitled to 22,012 common shares at the Acquisition Date price of $4.40 per share aggregating to $97, the issuance of which was contingent upon their continued employment with the Company.

During the year ended December 31, 2013, certain former Broadstreet employees did not meet the condition of continued employment and, accordingly, the fair value pertaining to 10,380 common shares to be issued was treated as forfeiture. As at December 31, 2013, the former Broadstreet employees who met the condition of continued employment with the Company were entitled to 11,632 common shares, to be issued in two tranches, with 50% of these common shares issued on December 31, 2013 and the remaining 50% to be issued on December 31, 2014. However, during the year ended December 31, 2014, certain former Broadstreet employees did not meet the condition of continued employment and, accordingly, the fair value pertaining to 4,485 common shares to be issued was treated as forfeiture. As at December 31, 2014, the former Broadstreet employees who met the condition of continued employment with the Company were entitled to 1,331 common shares.

Accordingly, on December 31, 2014, the Company issued 1,331 common shares (2013 - 5,816) to certain of these former Broadstreet employees. The fair value of $6 (2013 - $25) pertaining to these common shares was reclassified from contributed surplus to share capital.

(iv) Subsequent to the year ended December 31, 2014, the Board of Directors approved a grant of 766,000 stock options to be issued on February 23, 2015 to certain employees and officers of the Company. These stock options will vest and are exercisable in eight equal quarterly instalments over a two-year period.

15. Share-based payment arrangements (continued):

The following table outlines the activity for stock options for the year ended December 31, 2014 and 2013:

	2014		2013	
	Number of options (000s)	Weighted average exercise price	Number of options (000s)	Weighted average exercise price
Outstanding, beginning of year	1,568	$ 5.46	1,420	$ 6.20
Granted	358	2.41	568	3.40
Exercised	–	–	(10)	2.51
Cancelled	(520)	5.13	(410)	5.33
Outstanding, end of year	1,406	4.80	1,568	5.46
Exercisable	882	$ 5.74	794	$ 6.05

At December 31, 2014, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding (000s)	Weighted average remaining contractual life (years)
\$1.00 - \$3.00	407	5.93
\$3.01 - \$5.00	271	5.07
\$5.01 - \$7.00	516	5.47
\$7.01 - \$9.00	212	3.74
	1,406	5.27

15. Share-based payment arrangements (continued):

(b) Deferred share units:

The Company grants DSUs to the independent members of the Board of Directors as their annual remuneration for the services rendered as directors on the Company's board. These DSUs vest immediately and can only be settled in cash and will be paid when the board member is no longer rendering service to the Company. Accordingly, the Company has treated these arrangements as cash-settled awards and has recorded the changes in the fair value of the award in the consolidated statements of comprehensive loss using the Company's share price as at December 31, 2014. The amount of the award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout.

	2014		2013	
	Number (000s)	Amount	Number (000s)	Amount
Outstanding, beginning of year	182	$ 362	86	$ 355
Granted	102	200	96	275
Exercised	(51)	(104)	–	–
Changes in fair value of the award	–	(168)	–	(268)
Outstanding, end of year	233	$ 290	182	$ 362

These amounts are included in non-current liabilities on the consolidated statements of financial position.

(Expressed in thousands of Canadian dollars, except per share amounts)

16. Income taxes:

(a) Income tax rate reconciliation:

The effective income tax rate differs from the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to loss before income taxes. These differences result from the following items:

	2014	2013
Loss before income taxes	$ (11,878)	$ (18,809)
Combined basic federal and provincial income tax rates	26.5%	26.5%
Computed expected tax recovery	$ (3,148)	$ (4,984)
Increase resulting from:		
Current year's losses and other differences not recognized	2,560	4,783
Non-deductible items	588	201
Income tax expense	$ –	$ –

The statutory income tax rate was 26.5% for 2014 (2013 - 26.5%) as there was no change in the federal and provincial Canadian income tax rates.

(b) Recognized and unrecognized deferred income taxes:

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the amounts used for income tax purposes.

(Expressed in thousands of Canadian dollars, except per share amounts)

16. Income taxes (continued):

The movements of deferred income tax assets and liabilities for the years indicated are as follows:

	Non-capital losses	Scientific Research and Experimental Development ("SR&ED") pool carryforward	Property and equipment	Total
Deferred tax asset balance, January 1, 2013	$ –	$ 587	$ 49	$ 636
Recognized in profit or loss	–	(152)	(49)	(201)
Deferred tax asset balance, December 31, 2013	–	435	–	435
Additions from business combination	132	117	–	249
Recognized in profit or loss	–	(235)	–	(235)
Deferred tax asset balance, December 31, 2014	$ 132	$ 317	$ –	$ 449

	Intangible assets	Property and equipment	Total
Deferred tax liability balance, January 1, 2013	$ (636)	$ –	$ (636)
Recognized in profit or loss	201	–	201
Deferred tax liability balance, December 31, 2013	(435)	–	(435)
Additions from business combination	(265)	–	(265)
Recognized in profit or loss	235	–	235
Deferred tax liability balance, December 31, 2014	$ (465)	$ –	$ (465)
Net deferred tax liability balance, December 31, 2014			$ (16)

(Expressed in thousands of Canadian dollars, except per share amounts)

16. Income taxes (continued):

The amount of deductible temporary differences and unused tax losses for which no deferred income tax assets have been recognized are as follows:

	2014	2013
Non-capital losses	$ 22,208	$ 15,472
Undeducted SR&ED expenditures	29,713	24,298
Financing costs	778	1,824
Other deductible temporary differences	4,151	5,489
	$ 56,850	$ 47,083

Non-capital loss carryforwards will expire between years 2032 to 2034, while SR&ED pool carryforward and other temporary deductible differences have an unlimited carryforward pursuant to current tax laws.

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, the character of the deferred income tax assets and available tax planning strategies in making this assessment.

(c) Investment tax credits:

The Company claims research and development deductions and related refundable and non-refundable ITCs for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act (Canada). These claims are subject to a technical and expenditure review by Canada Revenue Agency ("CRA"). Although the Company has used its best judgment and understanding of the related income tax legislation in determining the amounts, it is possible that the amounts could change by a material amount in the near term depending on review and audit by CRA.

(Expressed in thousands of Canadian dollars, except per share amounts)

16. Income taxes (continued):

The total amount of ITCs recognized were $100 (2013 - nil), which were recorded as a reduction of research and development expenses.

The Company has $9,654 (2013 - $8,722) of federal non-refundable ITCs and $1,963 (2013 - $1,607) of Ontario non-refundable ITCs that can be carried forward to reduce federal and Ontario income tax otherwise payable, respectively. Those credits expire between 2028 and 2034 and have not been recognized in these consolidated financial statements.

17. Financial instruments and capital management:

(a) Classification and fair values of financial instruments:

The following table sets out the Company's classification and carrying amount, together with the fair value, for each type of financial asset and financial liability as at December 31, 2014 and 2013:

	2014		2013	
Classification	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Held-for-trading:				
Cash equivalents	$ 12,777	$ 12,777	$ 22,720	$ 22,720
Loans and receivables:				
Accounts receivable	7,853	7,853	7,246	7,246
Financial liabilities:				
Other financial liabilities:				
Accounts payable and accrued liabilities	5,010	5,010	5,273	5,273
Provisions	355	355	1,314	1,314
Contingent consideration	678	678	–	–

The carrying values of cash and cash equivalents, accounts receivable, other asset, accounts payable and accrued liabilities and provisions, and contingent consideration approximate their fair values due to the short-term nature of these financial instruments.

(Expressed in thousands of Canadian dollars, except per share amounts)

17. Financial instruments and capital management (continued):

Fair value measurements:

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

In the tables below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date. Financial assets measured at fair value as at December 31, 2014 and 2013 in the consolidated financial statements are summarized below:

2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 12,777	$ –	$ –	$ 12,777
Financial liabilities:				
Provisions	$ –	$ –	$ 355	$ 355
Contingent consideration	–	–	678	678

2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 22,720	$ –	$ –	$ 22,720
Financial liabilities:				
Provisions	$ –	$ –	$ 1,314	$ 1,314

There were no transfers of financial assets during the years between any of the levels.

(Expressed in thousands of Canadian dollars, except per share amounts)

17. Financial instruments and capital management (continued):

(b) Market risk:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of these risks as at December 31, 2014:

(i) Credit risk:

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company's credit risk is primarily attributable to its accounts receivable. The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors.

The following table summarizes the number of customers that individually comprise greater than 10% of total revenue or total accounts receivable and their aggregate percentage of the Company's total revenue and accounts receivable:

	Revenue	
	Number of customers	% of total
Year ended December 31, 2014	3	46
Year ended December 31, 2013	3	45

	Accounts receivable	
	Number of customers	% of total
As at December 31, 2014	3	79
As at December 31, 2013	3	50

17. Financial instruments and capital management (continued):

(ii) Liquidity risk:

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and the issuance of equity. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that the Company has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's financial liabilities comprise accounts payable and accrued liabilities. Given the Company's available cash and other liquid resources as compared to its liabilities, management assesses the Company's liquidity risk to be low.

(iii) Foreign exchange risk:

The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar and Australian dollar. Currently, the Company does not enter into foreign exchange contracts to manage this exposure, but may do so in the future. The Company has foreign currency exposure with respect to cash equivalents, accounts receivable and accounts payable denominated in U.S. dollars and Australian dollars. It is also exposed to foreign currency risk on revenue and expenses where it invoices or procures in U.S. dollars and Australian dollars. During the year ended December 31, 2014, the Company recorded a foreign exchange gain of $553 (2013 - gain of $446). At December 31, 2014, U.S. dollar-denominated net monetary assets totalled approximately U.S. $5,563 (2013 - U.S. $7,872). At December 31, 2014, Australian dollar-denominated net monetary assets totalled approximately AUD $4,442 (2013 - nil).

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $1,067 due to the fluctuation and this would be recorded in the consolidated statements of comprehensive loss.

17. Financial instruments and capital management (continued):

(iv) Interest rate risk:

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash equivalents. The impact of change in interest rates is not expected to be significant.

(c) Capital management:

The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus and deficit.

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development to enhance existing product offerings, as well as develop new ones, undertake selective acquisitions and provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

In managing its capital structure, the Company takes into consideration various factors, including the growth of its business and related infrastructure and the up-front cost of taking on new customers.

The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and shareholders' equity. The Company does not have any externally imposed capital requirements.

18. Segment reporting:

The Company evaluates operational performance based on two reportable segments, Financial Services and Healthcare. Segment results include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Corporate costs include costs associated with business activities which are not directly attributable to the Company's reportable segments. The Company has presented the segment disclosures for the comparative year in conformity with the segment disclosures presented for the year ended December 31, 2014.

The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these consolidated financial statements. The accounting policies of the segments are the same as those described in note 3.

The CODM reviews Adjusted EBITDA as a key measure of performance for each segment and to make decisions about the allocation of resources. The Adjusted EBITDA refers to net income (loss) before share-based payment expense, depreciation and amortization, lease-exit charges, net, impairment charges, earn-out expense (recovery), foreign exchange gain (loss), finance income, finance costs and income taxes. This measure of segment operating results is different from operating loss as reported in the consolidated statements of comprehensive loss.

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Segment reporting (continued):

The following segmented information is regularly reported to the CODM:

2014	Financial Services	Healthcare	Corporate	Total
Revenue:				
License and subscription fees	$ 3,148	$ 303	$ –	$ 3,451
Professional services	15,500	1,490	–	16,990
Maintenance and support	5,229	172	–	5,401
	23,877	1,965	–	25,842
Expenses:				
Professional service	11,030	1,239	–	12,269
Research and development	6,313	3,465	–	9,778
Sales and marketing	4,149	2,225	–	6,374
General and administrative	4,267	1,634	840	6,741
	25,759	8,563	840	35,162
Adjusted EBITDA	$ (1,882)	$ (6,598)	$ (840)	(9,320)
Share-based payment expense				274
Depreciation and amortization				1,714
Lease-exit charges, net				(625)
Impairment charge (note 9)				1,887
Loss from operations				(12,570)
Foreign exchange gain				553
Finance income				265
Finance costs				(126)
Loss for the year				$ (11,878)

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Segment reporting (continued):

2013	Financial Services	Healthcare	Corporate	Total
Revenue:				
License and subscription fees	$ 1,506	$ 783	$ –	$ 2,289
Professional services	18,205	811	–	19,016
Maintenance and support	5,592	417	–	6,009
	25,303	2,011	–	27,314
Expenses:				
Professional service	14,094	878	–	14,972
Research and development	7,527	5,728	–	13,255
Sales and marketing	6,717	1,731	–	8,448
General and administrative	5,035	1,612	400	7,047
	33,373	9,949	400	43,722
Adjusted EBITDA	$ (8,070)	$ (7,938)	$ (400)	(16,408)
Share-based payment expense				695
Depreciation and amortization				1,946
Lease-exit charges, net				1,008
Earn-out recovery				(384)
Loss from operations				(19,673)
Foreign exchange gain				446
Finance income				418
Loss for the year				$ (18,809)

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Segment reporting (continued):

The following information provides the required enterprise-wide disclosures:

The Company's revenue by geographic areas is as follows:

	2014	2013
United States of America	$ 12,281	$ 14,435
Canada	7,343	10,973
Asia Pacific	3,974	–
Europe	2,244	1,906
	$ 25,842	$ 27,314

Virtually all of the Company's assets are located in Canada and virtually all of the Company's expenses are incurred in Canada.

19. Related party transactions:

(a) Key management personnel compensation:

The key management personnel are defined as executive officers of the Company, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The following table outlines the total compensation for key management personnel for the year:

	2014	2013
Salaries and other short-term employee benefits	$ 1,461	$ 1,756
Share-based payments	57	7
Long-term incentive and retention plans	711	391
	$ 2,229	$ 2,154

The Company has entered into arrangements with certain executive officers for termination and change of control benefits. Upon termination without cause by the Company, these officers are entitled to termination benefits of up to two years' base salary, annual bonus and lump sum cash payment in respect of any unvested stock options. All of the foregoing payments are subject to applicable statutory deductions.

(Expressed in thousands of Canadian dollars, except per share amounts)

19. Related party transactions (continued):

(b) Loan and share pledge agreements:

In 2011, the Company issued interest-free share purchase loans to its executive officers to exercise all of the stock options that were originally scheduled to vest on or prior to December 31, 2011 and issued 276,250 common shares. During the year ended December 31, 2014, nil (2013 - nil) was repaid relating to common shares. These shares are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid.

(c) Transactions with other related parties:

The Company's Chief Executive Officer is a director of Canadian Association for People-Centred Health ("CAPCH"), a not-for-profit organization, and is actively involved in planning, directing and controlling the activities of CAPCH. During the year ended December 31, 2014, the Company expensed cash contributions of $34 (2013 - $136), respectively, which is included in sales and marketing, to support the activities of CAPCH.

20. Finance income:

	2014	2013
Interest on cash and cash equivalents	$ 265	$ 418

(Expressed in thousands of Canadian dollars, except per share amounts)

21. Loss per share:

The following table sets forth the calculation of basic and diluted loss per share:

	2014	2013
Numerator:		
Loss for the year	$ (11,878)	$ (18,809)
Denominator:		
Weighted average number of shares:		
Basic	20,403	20,377
Loss per share:		
Basic	$ (0.58)	$ (0.92)
Diluted	(0.58)	(0.92)

During the year ended December 31, 2014, there were nil (2013 - 24) weighted average outstanding stock options excluded from the computation of diluted loss per share as they were anti-dilutive.

22. Expenses by nature:

The components of the Company's expenses include the following:

	2014	2013
Salaries and other short-term employee benefits	$ 25,002	$ 32,118
Equity-settled share-based payments	274	695
Cash-settled share-based payments	57	7
Total personnel costs	25,333	32,820
Sales and marketing expense	698	1,014
Office rent expense	2,107	3,644
Professional, consulting and recruiting costs	3,973	4,354
Technology and communication expenses	1,174	658
Depreciation and amortization expense	1,714	1,946
Impairment charge (note 9)	1,887	–
Other*	1,526	2,551
Total operating expenses	$ 38,412	$ 46,987

*Includes office expenses, travel and entertainment expenses and other general and administrative costs.

(Expressed in thousands of Canadian dollars, except per share amounts)

23. Contractual obligations:

(a) In March 2012, the Company entered into an agreement with Beth Israel Deaconess Medical Center to digitize the Passport to TRUST program. The agreement was for a period of two years ended March 31, 2014 and the Company committed to making financial contributions of U.S. $1,056 over the term of the agreement and these were being expensed as research and development expenses, as incurred, in the consolidated statements of comprehensive loss. For the year ended December 31, 2014, the Company incurred $107 (2013 - $549) of research and development expenses relating to this agreement.

(b) During the year ended December 31, 2011, the Company entered into an amended lease agreement with its landlord for additional office space to be assumed in 2011 through an operating lease. The remaining lease term as at December 31, 2014 is three years.

The Company executed an agreement with a third party to sub-lease a portion of its office space in June 2014. The sub-lease is for the remainder of the Company's lease term for the office space (note 12).

Total approximate future minimum lease payments for the leased office premises as at December 31, 2014 are as follows:

Less than 1 year	$ 1,053
Between 1 and 5 years	2,751
	3,804
Less sub-lease income	(563)
	$ 3,241

In addition, the Company is responsible for additional taxes, maintenance and other direct charges with respect to its leased office premises. The additional amount on an annual basis is expected to be approximately $1,520, of which $342 will be received by the Company from the sub-lease.

24. Guarantees:

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated but is typically limited to the proceeds from sales contracts. Historically, the Company has made no payments relating to these indemnifications, and the Company is not subject to any pending litigation related to such guarantees.