VoodooVox Inc.
Consolidated Financial Statements
For the years ended December 31, 2012 and 2011

Contents

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
VoodooVox Inc.

We have audited the accompanying consolidated financial statements of **VoodooVox Inc.** and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the year ended December 31, 2012, and 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 audit. We conducted our audit 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 the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 financial position of **VoodooVox Inc.** and its subsidiaries, as at December 31, 2012, and its financial performance and its cash flows for the year ended December 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Other Matters
The consolidated financial statements of **VoodooVox Inc.** and its subsidiaries, for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2012.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 30, 2013
Toronto, Ontario

Consolidated Statements of Operations and Comprehensive Loss

(In thousands of Canadian dollars, except share data)

Years ended December 31,	Note	**2012**	2011
Operating revenue		**3,988**	6,203
Operating expenses			
Network and data costs		**(1,230)**	(312)
Labour costs	9(e)	**(5,390)**	(4,427)
Other operating costs	9(b),10	**(3,048)**	(2,258)
Acquisition earn-out	7,16	**(313)**	-
Amortization	4,5	**(1,197)**	(971)
Operating loss before the undernoted		**(7,190)**	(1,765)
Gain on extinguishment of debentures	8	**242**	-
Gain on settlement of debt	10(b)	**76**	-
Loss attributed to debenture conversion incentive program	8(c)	**-**	(8,565)
Loss on impairment of goodwill	17	**(2,211)**	-
Loss on impairment of intangible assets	5, 17	**(104)**	-
Gain on sale of other asset	6	**88**	-
Interest and accretion on debentures	8,10	**(2,053)**	(3,087)
Loss before income taxes		**(11,152)**	(13,417)
Recovery of income taxes	11	**-**	259
Net loss and comprehensive loss for the year		**(11,152)**	(13,158)
Loss per share			
Basic and diluted loss per share	18	**$ (0.06)**	$ (0.14)
Weighted average number of shares outstanding – basic and diluted	18	**197,990,670**	93,008,892

VoodooVox Inc.
Consolidated Statements of Financial Position

(In thousands of Canadian dollars, except share data)
(See Continuance of Operations – Note 1)
(See Commitments and Contingencies – Note 12)
(See Subsequent Events – Note 19)

As at December 31,	Note	**2012**	2011
Assets			
Current assets:			
Cash and cash equivalents	3	**19**	382
Accounts receivable		**663**	682
Prepaid expenses and deposits		**85**	117
Other asset	6	**378**	-
		1,145	1,181
Non-current assets:			
Property and equipment	4	**16**	105
Intangible assets	5	**2,646**	2,933
Goodwill	16	**232**	2,281
		4,039	6,500
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	10	**2,066**	1,008
Current portion of debentures	8	**310**	4,491
Current portion of other liabilities	7	**629**	568
Deferred revenue		**105**	317
Income taxes payable	11	**295**	295
		3,405	6,679
Non-current liabilities:			
Other liabilities	7	**1,027**	32
Debentures	8	**9,925**	3,424
		14,357	10,135
Shareholders' deficiency:			
Share capital		**66,816**	61,699
Shares to be issued	10(f),(b)	**161**	-
Contributed surplus		**13,099**	13,908
Deficit		**(90,394)**	(79,242)
		(10,318)	(3,635)
		4,039	6,500

These consolidated financial statements are authorized for issue by the Board of Directors on April 30, 2013. They are signed on the Company's behalf by:

"signed" Director — Micky Tsui

"signed" Director — S. Graeme Ross

VoodooVox Inc.
Consolidated Statements of Changes in Shareholders' Deficiency

(In thousands of Canadian dollars, except share data)

	Note	Number of Common shares	Share capital	Shares to be issued	Contributed surplus	Deficit	Shareholders' deficiency
Balance at January 1, 2012		151,836,882	61,699	-	13,908	(79,242)	(3,635)
Net loss		-	-	-	-	(11,152)	(11,152)
Modification of conversion feature on debentures	8	-	-	-	467	-	467
Employee stock purchase plan	9(b)	698,529	53	-	-	-	53
Debentures converted	8(c)	24,167,773	3,598	-	(1,903)	-	1,695
Shares issued on acquisition	16	11,250,000	1,069	-	-	-	1,069
Broker shares	8(h,k,l,o)	9,014,330	175	-	-	-	175
Shares issued on debentures	8(g,h,k,l,o)	2,645,000	72	-	-	-	72
Warrants issued on debentures, net of issuance costs	8	-	-	-	157	-	157
Advisory agreement	9(b)	2,000,000	140	-	-	-	140
Debenture guarantee fee	10(f)	405,000	10	48	-	-	58
Settlement of debt	10(b)	-	-	113	-	-	113
Stock-based compensation	9(e)	-	-	-	470	-	470
Balance at December 31, 2012		**202,017,514**	**66,816**	**161**	**13,099**	**(90,394)**	**(10,318)**

	Note	Common shares	Share capital	Shares to be issued	Contributed surplus	Deficit	Shareholders' deficiency
Balance at January 1, 2011		88,232,247	51,786	-	7,591	(66,084)	(6,707)
Net loss		-	-	-	-	(13,158)	(13,158)
Employee stock purchase plan	9(b)	331,928	34	-	-	-	34
Shares for rent agreement	9(b)	1,826,692	240	-	-	-	240
Options exercised	9(e)	328,334	43	-	(18)	-	25
Warrants exercised	9(c)	1,040,000	310	-	(97)	-	213
Equity component on debentures	8(b), 9(d)	-	-	-	1,350	-	1,350
Broker shares	8(b)	150,000	25	-	-	-	25
Debentures converted	8(c)	44,427,681	7,897	-	4,786	-	12,683
Shares issued in private placement	9(b)	12,000,000	1,200	-	-	-	1,200
Share issue costs	9(b)	500,000	(121)	-	-	-	(121)
Shares issued on acquisition	16	3,000,000	285	-	47	-	332
Stock-based compensation	9(e)	-	-	-	249	-	249
Balance at December 31, 2011		151,836,882	61,699	-	13,908	(79,242)	(3,635)

VoodooVox Inc.
Consolidated Statements of Cash Flows

(In thousands of Canadian dollars, except share data)

For the years ended December 31	Note	**2012**	2011
Cash flows from operating activities:			
Loss before income taxes for the year		**(11,152)**	(13,417)
Adjustments for:			
Stock-based compensation	9(e)	**470**	249
Amortization	4,5	**1,197**	971
Acquisition earn-out	7	**313**	
Gain on extinguishment of debentures	8	**(242)**	-
Gain on settlement of debt	10(b)	**(76)**	
Loss on impairment of goodwill		**2,211**	-
Loss on impairment of intangible assets	5	**104**	-
Onerous contract	7	**434**	-
Shares for rent agreement	9(b)	**-**	240
Interest on debentures		**1,275**	1,676
Accretion on debentures		**778**	1,411
Advisory agreement	9(b)	**140**	-
Debenture guarantee	10(f)	**58**	-
Loss on disposal of property and equipment	4	**20**	-
Settlement of receivable for other asset	6	**(450)**	-
Gain on sale of other asset	6	**(88)**	-
Loss attributed to debt conversion incentive program	8(c)	**-**	8,565
		(5,008)	(305)
Changes in non-cash working capital balances:			
Accounts receivable		**284**	1,066
Prepaid expenses and deposits		**88**	11
Accounts payable and accrued liabilities		**564**	(727)
Current income taxes recovered		**-**	6
Other liabilities		**231**	21
Deferred revenue		**(212)**	(3,057)
		(4,053)	(2,985)
Cash flows from investing activities:			
Purchase of property and equipment	4	**(3)**	(7)
Proceeds from sale of other asset	6	**160**	-
Cash paid on UpSNAP acquisition, net of transaction costs	16	**-**	(110)
Net cash acquired on VoodooVox acquisition	16	**117**	-
		274	(117)
Cash flows from financing activities:			
Issuance of common shares, net of issuance costs	8	**67**	1,317
Proceeds from debt issuance, net of issuance costs	8	**5,274**	4,804
Repayment of debentures	8	**(1,085)**	(1,500)
Interest paid on debentures	8	**(840)**	(1,517)
		3,416	3,104
Net increase (decrease) in cash and cash equivalents		**(363)**	2
Cash and cash equivalents, beginning of year		**382**	380
Cash and cash equivalents, end of year		**19**	382

1. Nature of Operations and Continuance of Operations

VoodooVox Inc. (the “Company” or “VVX”) was incorporated under the laws of Canada on October 17, 2000 and was continued into Alberta on February 5, 2003. The Company is domiciled in Canada and the head office is located at 100 Consilium Place, Toronto, Ontario, Canada. On August 17, 2004, the Company amalgamated with GRD Enterprises Inc. with VVX being the surviving entity.

The Company is a provider of local mobile search and advertising solutions. These solutions enable directory publishers, directory assistance providers and wireless carriers to increase revenue by offering a localized, mobile search capability that connects consumers with merchants. VVX created its product suite as a way to connect companies with voice and data traffic to companies that have monetizable content. This ecosystem provides a new revenue stream to both the carrier and content provider while providing consumers with relevant local merchant content.

The consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company began commercial operations on October 17, 2000 and, to December 31, 2012, has accumulated a deficit amounting to $90,394. The Company has a working capital deficiency of $2,260 at December 31, 2012.

The Company’s future operations are dependent upon its ability to secure additional funds or secure sales contracts (or both), which provide the Company with adequate funds to cover the cash flows projected for the fiscal 2013 year. If the Company does not secure such contracts, or if it cannot secure additional financing, the Company will have to consider additional strategic alternatives which may include, among other strategies, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or sale of the Company. It is not possible to predict whether the Company will be successful in securing new contracts or securing additional financing. These factors raise substantial doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Statement of compliance to International Financial Reporting Standards
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of preparation
The Company prepares its financial statements on a historical cost basis, except for certain financial instruments measured at fair value as described in the accounting policies below. Share-based payments are measured at fair value at the transaction date.

The accounting policies below have been applied consistently by the Company, and its subsidiaries, unless otherwise stated.

2. Summary of Significant Accounting Policies (continued)

(c) Principals of consolidation
The consolidated financial statements include the accounts of the Company and its five wholly owned subsidiaries: (i) Call Genie (Ontario) Inc., (ii) VoodooVox Holding USA, Inc., (iii) Call Genie Europe B.V., (iv) VoodooVox Limited; and (v) BTS Logic Europe ApS. All intercompany transactions and balances have been eliminated on consolidation.

(d) Use of estimates and key judgments
The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates in the future. The most significant judgments and estimates include but are not limited to the following:

(i) Judgments

Arrangements with multiple deliverables
In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value. Determining the fair value of each deliverable can require complex estimates due to the nature of the services provided. The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis after considering volume discounts where appropriate.

Contract accounting
When the delivery of multiple services and products involves significant production, modification or customization of software, the Company applies contract accounting. Revenue from long-term contracts is recognized using the percentage of completion method. The Company uses input measures (e.g., costs incurred) to estimate the amount of revenue to recognize.

Functional currency
Judgement is also used in the determination of the Company's functional currency and the functional currency of its subsidiaries.

(ii) Estimates

Long-term asset impairment
The process of testing for impairment begins with the identification of the appropriate asset or cash-generating unit (“CGU”) for purposes of impairment testing. Identification and measurement of impairment is based on the asset’s recoverable amount, which is the higher of its fair value less costs to sell and value in use. Value in use is generally based on an estimate of discounted future cash flows using an appropriate discount rate. Fair value is estimated as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. The Company is considered a single CGU and the fair value of the Company as a whole is based on the market capitalization of the Company’s shares using an appropriate control premium. The Company performed its annual impairment test as at October 1st.

2. Summary of Significant Accounting Policies (continued)

Useful lives of property and equipment and finite-life intangible assets
Property and equipment and finite-life intangible assets represent a significant proportion of our total assets. Changes in technology or intended use of these assets as well as changes in business prospects or economic and industry factors may cause the estimated useful lives of these assets to change. The Company reviews estimates of the useful lives of property and equipment and finite-life intangible assets on an annual basis and adjust amortization on a prospective basis, if necessary.

Income taxes
Deferred tax assets and liabilities require management's judgment in determining the amounts to be recognized. In particular, judgment is required when assessing the timing of reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is more likely than not to be realized, is estimated with consideration given to the timing, sources and amounts of future taxable profit.

Stock-based compensation
Determining the fair value of equity-settled stock-based compensation awards at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of the Company's stock and expected dividends. In addition, judgment is required to estimate the number of stock-based awards that are expected to be forfeited.

Business combinations
The amount of goodwill initially recognized as a result of a business combination and the determination of the fair value of the identifiable assets acquired and the liabilities assumed is based, to a considerable extent, on management's judgement.

Convertible debentures and debentures with detachable equity
Convertible debentures and debentures with detachable equity are accounted for in accordance with their substance and are presented in their component parts of debt and equity. The Company estimates the fair value of the debt component of convertible debentures by calculating the discounted cash flows of the debenture using an effective interest rate of a similar instrument but without the conversion feature. Similar instruments may have certain features that, while similar, may differ, such as the term, amount, security, and credit risk, and therefore management is required to exercise significant judgement in determining an appropriate discount rate.

(e) Translation of foreign currencies
Items included in the consolidated financial statements of the Company and each of its subsidiaries are measured using the currency of the primary economic environment in which the individual entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and all of its subsidiaries.

Foreign currency transactions are generally translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities are translated at period-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in operations in the period in which they arise.

2. Summary of Significant Accounting Policies (continued)

(f) Classification of financial instruments
Financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, trade and other receivables, available-for-sale financial assets and other financial liabilities. Financial instruments that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Transaction costs on financial instruments classified as held-for-trading are expensed as incurred. Transaction costs related to trade and other receivables, available-for-sale financial assets and other financial liabilities are included in the carrying amounts of the financial instruments and amortized over the life of the instrument by the effective interest rate method.

(g) Cash and cash equivalents
Cash and cash equivalents include cash on hand and short-term deposits that are readily convertible into a known amount of cash.

(h) Property and equipment
Property and equipment are recorded at cost, less accumulated amortization and any recognized impairment loss. The Company reviews the estimated useful lives of property and equipment on an annual basis and adjusts amortization on a prospective basis, if needed. Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Leasehold improvements	Term of the lease
Furniture and equipment	5 years
Computer hardware	3 years

(i) Leases
Leases are classified as either finance or operating. Leases that transfer substantially all of the risks and rewards of ownership of a property to the Company are accounted for as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. Equipment acquired under a finance lease is amortized over the shorter of the period of expected use on the same basis as other similar property and equipment and the lease term.

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Rental payments under operating leases are expensed to operations on a straight-line basis over the term of the lease.

(j) Lease inducements
Lease inducements comprise free rent and leasehold improvement incentives. Lease inducements are deferred and amortized to rent expense on a straight-line basis over the term of the related lease.

2. Summary of Significant Accounting Policies (continued)

(k) Intangible assets

Definite life intangible assets are recorded at cost less accumulated amortization and less any recognized impairment loss. The Company reviews the estimated useful lives on an annual basis and adjusts amortization on a prospective basis, if needed. Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Acquired technology	5-7 years
Customer lists	7 years
Rights license	3 years
Software licenses	1 year

(l) Impairment of long-lived assets

Property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is estimated as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated pre-tax 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.

(m) Goodwill

Goodwill, being the excess of the purchase price over the assigned values of the net assets acquired, is stated at cost. Goodwill is not amortized, but is tested for impairment at least annually in the fourth quarter. Goodwill is tested for impairment between annual tests when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. Goodwill is allocated to a CGU or group of CGUs for the purpose of impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Goodwill impairment is assessed based on the comparison of the recoverable amount of the asset to its carrying value. The recoverable amount is the higher of a CGU's or group of CGUs' fair value less costs to sell and value in use. In assessing value in use, the estimated pre-tax 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 CGU for which the estimates of future cash flows have not been adjusted.

(n) Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the consolidated statements of operations and comprehensive loss, except to the extent that it relates to items recognized directly in equity, in which case the tax is recognized in equity also. An income tax asset or liability is the estimated tax receivable or payable on taxable earnings for the current and past periods, inclusive of any possible effect that could arise from a review by the tax authorities.

A deferred tax asset or liability is tax recoverable or payable in future periods as a result of past transactions or events. The Company uses the liability method to account for deferred tax assets or liabilities, which arise from temporary differences between the carrying amount of assets and liabilities recognized in the consolidated statements of financial position and their corresponding tax basis, or from the carryforward of unused tax losses and credits. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets are reviewed at each consolidated statement of financial position date and amended to the extent that it is no longer probable that the related tax benefit will be realized.

2. Summary of Significant Accounting Policies (continued)

(o) 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 that obligation.

(p) Convertible debentures and debenture units with detachable equity
Convertible debentures and debenture units with detachable equity are accounted for in accordance with their substance and are presented in their component parts of debt and equity. The debt component is measured at the present value of the cash payments of interest and principal due over the term of the debentures using interest rates of comparable non-convertible debt. The difference between the face value of the debentures and the debt component value is allocated to the equity component, to the extent that the fair value of a detachable equity instrument does not exceed the fair value of the underlying common share. When the convertible debentures are distributed in conjunction with warrants, the fair value of the warrants is estimated using the Black-Scholes option valuation model. The residual equity component is allocated pro rata between the conversion feature and the warrants based on their relative fair values.

Financing costs are allocated proportionally to the debt component and the equity component. The debt component, net of its proportional financing costs, is accreted to its face value through an interest charge over its term to maturity using the effective interest rate method. Upon conversion of the debentures, the debt portion related to the principal amount of debt converted is recognized as a charge to shareholders' deficiency.

(q) Loss per share
Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted loss per share considers the dilutive effect of the exercise of outstanding stock options, warrants and the conversion of convertible debentures, as if the events had occurred at the beginning of the year or at a time of issuance, if later. The dilutive effect on loss per share is recognized on the use of proceeds that would be obtained upon exercise of stock options and warrants. It assumes that proceeds would be used to purchase common shares at the average market price during the period. As the effect of all outstanding stock options, warrants and convertible debentures is anti-dilutive during a year when the Company incurs a loss, diluted earnings per share do not differ from basic loss per share.

(r) Revenue recognition
The Company enters into arrangements of three broad categories: (i) recurring multi-year service-oriented hosting arrangements, (ii) software license arrangements which include the provision of software licenses, implementation services and post-contract support, and (iii) services. Revenue from these arrangements is recognized when earned, specifically when all the following conditions are met: software licenses are delivered and services are provided (or either of them), there is clear evidence that an arrangement exists, amounts can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

The Company offers certain products and services as part of multiple deliverable arrangements. The Company divides multiple deliverable arrangements into separate units of accounting. Components of multiple deliverable arrangements are separately accounted for provided the delivered elements have standalone value to the customers and the fair value of any undelivered elements can be objectively and reliably determined. Consideration for these units is measured and allocated amongst the accounting units based upon their fair values and the Company's relevant revenue recognition policies are applied to them.

2. Summary of Significant Accounting Policies (continued)

When the delivery of multiple services and products involves significant production, modification or customization of software, the Company applies contract accounting. Revenue from long-term contracts is recognized using the percentage-of-completion method based on a zero profit margin using input measures (e.g., costs incurred). Revenue is only recognized using the percentage-of-completion method where it is probable that the contract will be profitable.

The timing of revenue recognition sometimes differs from the contract payment schedule, resulting in revenues that have been earned but not billed. These amounts are recorded as accounts receivable. Amounts billed in accordance with customer contracts, yet not earned, are recorded as deferred revenue.

Hosting arrangements
The Company enters into hosting arrangements under which the underlying software is maintained and operated in Company data centre facilities. The Company earns transaction automation fees, system maintenance fees, hosting fees and, in some cases, a share of customer advertising revenue from the service provided to the customer. The Company may also earn advertising revenue directly from advertising partners. Advertising revenue is recorded net of any revenue share portion retained by, or paid to, advertising sources or partners. Revenues for the fixed portion of these fees are recognized ratably over the contract period, while revenues for the variable portion of these fees are recognized as earned. In addition, the Company may charge fees for implementation or set-up in connection with the service provided. These fees are recognized ratably over the term of the contract, commencing upon completed delivery of the implementation and integration services.

Software license arrangements
The Company also offers complete solutions integrated into the customers' data centres. These solutions may involve the delivery of multiple services and products, such as license fees, implementation fees and maintenance fees, occurring at different points in time and/or over different periods of time. Revenue recognition for these arrangements is determined based on an evaluation of the individual elements of the arrangements.

Services
The Company also enters into annual standalone renewals of maintenance and support after the initial contract has been completed. The Company recognizes these revenues ratably over the term of the contract.

Revenue based on the activity of mobile users viewing ads through developer applications and mobile websites is recognized when advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ads delivered, or views, clicks or actions by users on mobile advertisements. At that time, the services have been provided, the fees charged are fixed or determinable, persuasive evidence of an arrangement exists, and collectability is reasonably assured.

In the normal course of business, the Company acts as an intermediary in executing transactions with third parties. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in these transactions with advertisers and involves judgment based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, in reaching conclusions on gross versus net revenue recognition, management places the most weight on the analysis of whether or not the Company is the primary obligor in the arrangement. To date, management has determined that the Company is the primary obligor in all the advertising arrangements because the Company is responsible for identifying and contracting with third-party advertisers, establishing the selling prices of the advertisements sold, and performing all billing and collection activities, including retaining credit risk, and bearing sole responsibility for fulfillment of the advertising.

2. Summary of Significant Accounting Policies (continued)

(s) Stock-based compensation
The Company accounts for its stock-based compensation programs using the fair value method, based on the number of stock options that are expected to vest. Under this method, stock-based compensation expense related to these programs is charged to operations with the corresponding amount increasing contributed surplus over the vesting period. On the exercise of options, consideration received and the related accumulated contributed surplus is credited to share capital. Compensation expense is adjusted for subsequent changes in management's estimate of the number of stock options that are expected to vest.

(t) Segment reporting
The Company operates a single reportable operating segment, conducting business in two geographic areas of operations.

(u) Contributed surplus
Contributed surplus represents the fair value attributable to all unexercised and outstanding or expired stock options, warrants and equity component of convertible debentures.

(v) Changes to accounting standards

The International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods.

IFRS 9 – Financial Instruments
Replaces the current standard, IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 – Consolidated Financial Statements
IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities and is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement
IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and required disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets. This standard is effective for annual periods beginning on or after January 1, 2013.

The Company is currently evaluating the impact of the above standards on its financial performance, position and financial statement disclosures.

(In thousands of Canadian dollars, except share data)

3. Cash and Cash Equivalents

As at December 31,	**2012**	2011
Business and savings accounts	**9**	372
Cashable guaranteed investment certificates	**10**	10
	19	382

4. Property and Equipment

Year ended December 31, 2012	**Computer Hardware**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost				
January 1, 2012	**1,168**	**411**	**111**	**1,690**
Additions	**3**	**-**	**-**	**3**
Acquisition (Note 16)	**19**	**10**	**9**	**38**
Disposal	**(751)**	**(386)**	**(120)**	**(1,257)**
December 31, 2012	**439**	**35**	**-**	**474**
Accumulated Amortization				
January 1, 2012	**1,129**	**378**	**78**	**1,585**
Amortization for the year	**34**	**34**	**42**	**110**
Acquisition (Note 16)	**-**	**-**	**-**	-
Disposal	**(738)**	**(379)**	**(120)**	**(1,237)**
December 31, 2012	**425**	**33**	**-**	**458**
At December 31, 2012	**14**	**2**	**-**	**16**

Year ended December 31, 2011	Computer Hardware	Furniture and Fixtures	Leasehold Improveme nts	Total
Cost				
January 1, 2011	1,128	411	111	1,650
Additions	7	-	-	7
Acquisition (Note 16)	33	-	-	33
December 31, 2011	1,168	411	111	1,690
Accumulated Amortization				
January 1, 2011	1,057	309	56	1,422
Amortization for the year	72	69	22	163
December 31, 2011	1,129	378	78	1,585
At December 31, 2011	39	33	33	105

(In thousands of Canadian dollars, except share data)

5. Intangible Assets

Year ended December 31, 2012	Acquired Technology	Customer Lists	Software Licenses	Total
Cost				
January 1, 2012	**5,733**	**358**	**295**	**6,386**
Acquisition (Note 16)	**904**	**-**	**-**	**904**
Impairment write-down (Note 17)	**-**	**(358)**	**-**	**(358)**
December 31, 2012	**6,637**	**-**	**295**	**6,932**
Accumulated Amortization				
January 1, 2012	**2,955**	**203**	**295**	**3,453**
Amortization for the year	**1,036**	**51**	**-**	**1,087**
Impairment write-down (Note 17)	**-**	**(254)**	**-**	**(254)**
December 31, 2012	**3,991**	**-**	**295**	**4,286**
At December 31, 2012	**2,646**	**-**	**-**	**2,646**

Year ended December 31, 2011	Acquired Technology	Customer Lists	Software Licenses	Total
Cost				
January 1, 2011	5,218	358	295	5,871
Acquisition (Note 16)	515	-	-	515
December 31, 2011	5,733	358	295	6,386
Accumulated Amortization				
January 1, 2011	2,199	152	294	2,645
Amortization for the year	756	51	1	808
December 31, 2011	2,955	203	295	3,453
At December 31, 2011	2,778	155	-	2,933

6. Other Asset

During 2011, the Company acquired a net 560,000 common shares of a private company for $350 and sold 175,500 shares for $350. The net cash flows were nil (Note 10(e)). The common shares have been initially accounted for at exchange amount and subsequently measured at cost as the shares do not have a quoted market price in an active market and fair value cannot be reliably measured.

During the second quarter of 2012, the Company subsequently sold 166,667 shares for gross proceeds of $100 and assigned the remaining 218,333 to a former director as consideration for debenture guarantees (Note 10(e)).

Subsequently, the Company received an additional 750,000 common shares of the same private company as settlement for, amounts owing under and cancellation of, a license and maintenance contract. The Company recognized revenue and a carrying value on the shares of $450 respectively.

(In thousands of Canadian dollars, except share data)

6. Other Asset (continued)

During the third quarter of 2012, 120,000 of these common shares were sold to an arms-length party for gross proceeds of $60.

As at December 31, 2012, the Company holds 630,000 common shares with a carrying value of $378 equal to their average cost as the fair value of the common shares cannot be measured reliably as it does not have a quoted market price.

Subsequent to year end, the Company assigned 40,000 of these common shares to an arms-length party as consideration for advisory services, assigned 275,000 of these common shares to the same former director described above as consideration for his on-going debenture guarantees, and sold the remaining 315,000 common shares to the same former director for gross proceeds of $110.

7. Other Liabilities

As at December 31,	**2012**	2011
Lease inducements	**-**	68
Deferred salaries	**53**	136
Interest on debentures (Note 20)	**649**	306
Onerous contracts (i)	**412**	-
UpSNAP acquisition earn-out (ii) (Notes 16, 20)	**45**	90
VoodooVox acquisition earn-out (iii) (Note 16)	**497**	-
	1,656	600
Current portion	**(629)**	(568)
	1,027	32

(i) The Company recorded a provision for onerous contracts related to operating leases for its premises in Calgary, Alberta which contractually extends 15 months subsequent to year end (Note 12(a)). The Company recorded a charge to the consolidated statements of operations and comprehensive loss in the amount of $434 and reflected a provision in other liabilities, net of last month's rent deposit of $22.

(ii) The 2011 figure represents the Company's revised estimate of the acquisition earn-out of USD $125 net of cash yet to be received by the vendor of USD $35 as at December 31, 2011. The Company and the vendor reached an agreement in December 2012 to settle the earn-out at USD $125; the amount previously estimated by the Company. As at December 31, 2012, the Company has a payable of USD $45 remaining on the earn-out.

(iii) As at December 31, 2012, the Company estimated the fair value of the contingent consideration to be paid on the VoodooVox acquisition to be $497, representing a $313 increase in its previous estimate of $184 at the date of acquisition. The estimated earn-out provision has been accounted for under IFRS3, whereby, the contingent consideration has been fair valued using a probability based approach using likelihoods of reaching the operating profits target and positive cash flows. These probabilities are adjusted at each reporting period and any changes in fair value are recorded in the consolidated statements of operations and comprehensive loss. A discount rate of 22% was used as part of the calculations. Key model inputs included using projected earnings and cash flow analysis and estimation of probabilities of achieving these projections.

(In thousands of Canadian dollars, except share data)

8. Debentures

As at December 31,	Conversion Price (cents)	Principal Amount	Rate of Interest	2012	2011
May 2012 Convertible Debenture (c)(f)	50	465	10.0%	**383**	455
Oct 2012 Convertible Debenture (c)(m)	50	1,885	12.0%	**1,585**	1,917
Aug 2012 Convertible Debenture (c)(i)*	10	350	15.0%	**310**	983
Aug 2012 Debenture (j)*	-	875	10.0%	**653**	843
Feb 2012 Debenture (a)	-	300	12.0%	**300**	293
Mar 2015 Convertible Debenture (b)(c)	25	2,680	12.0%	**2,033**	3,424
Sep 2012 Debenture (d)*	-	250	15.0%	**250**	-
Mar 2013 Debenture (e)*	-	750	15.0%	**750**	-
Sep 2012-II Debenture (g)*	-	50	12.0%	**50**	-
Jun 2014 Debenture (h)*	-	748	17.5%	**707**	-
Aug 2015 Debenture (k)	-	1,987	12.0%	**1,664**	-
Sep 2015 Debenture (l)	-	1,000	12.0%	**770**	-
Oct 2015 Debenture (n)*	-	USD $200	12.0%	**191**	-
Nov 2015 Debenture (o)	-	660	12.0%	**589**	-
				10,235	7,915
Current portion				**(310)**	(4,491)
				9,925	3,424

**These debentures are secured by certain assets owned by a company controlled by the Chairman of the Board of the Company (Note 10(f)).*

All of the Company's debentures grant a security interest in and to all of the Company's present and future personal property as collateral for the debt.

(a) Effective February 14, 2011, the Company completed a non-brokered private placement of 300 units of debentures, in denominations of one thousand dollars, in the aggregate principal amount of $300 (the "Feb 2012 Debentures"). The debentures bear interest at a rate of 12% per annum, payable monthly, and were scheduled to mature on February 14, 2012. The Company incurred financing costs of $50 in connection with the debentures. On maturity the Company entered into an agreement with the debenture holder to defer repayment of principal to February 14, 2013. In November 2012, the Company entered into a further agreement to defer the repayment of principal and interest to May 14, 2014. The Company has the option to repay the debt prior to maturity without penalty.

8. Debentures (continued)

(b) Effective March 2, 2011, the Company completed a brokered private placement of 5,000 non-redeemable, secured convertible debentures, in denominations of one thousand dollars, in the aggregate principal amount of $5,000 (the "Mar 2015 Convertible Debentures"). The debentures bear interest at a rate of 12% per annum, payable semi-annually on March 2 and September 2, and mature on March 2, 2015. Holders may convert principal into common shares of the Company at any time prior to their maturity at a conversion price of 25.0 cents per share. The debentures are not redeemable by the Company prior to maturity.

These debentures have characteristics of both debt and equity. Accordingly, $3,179 of the fair value was ascribed to the debt component and $1,102 was ascribed to the equity component, net of financing costs. Fair value was determined by reference to similar debt instruments without conversion feature and market transactions. The Company incurred financing costs of $719 in connection with this placement of convertible debentures, of which $446 was paid in cash, $25 was paid through the issuance of 150,000 common shares, and the remainder was paid through the issuance of 500 broker warrants. These costs have been pro-rated against the debt and equity components.

(c) On December 29, 2011, the shareholders and directors of the Corporation approved an incentive program, effective from December 29, 2011 to January 31, 2012, in an effort to encourage holders of outstanding debentures to convert outstanding principal and interest into common shares. To promote the conversion of the principal amount of debentures and the accrued but unpaid interest thereon, management and directors of the Company offered debentures holders the following options:

i. For the May 2012 Convertible Debentures the Company offered to amend the conversion price from 50.0 cents to 10.0 cents. The Company converted $1,990 aggregate principal convertible debentures with a carrying value on conversion of $1,907 and $33 accrued interest in exchange for 20,227,131 common shares and allocated $382 from contributed surplus to share capital.

ii. For the Oct 2012 Convertible Debentures, the Company offered to amend the conversion price from 50.0 cents to 10.0 cents. The Company converted $1,910 aggregate principal convertible debentures with a carrying value on conversion of $1,741 and $38 accrued interest in exchange for 19,476,775 common shares and allocated $276 from contributed surplus to share capital.

iii. For the Aug 2012 Convertible Debentures, the Company offered to issue 5,000 share purchase warrants for each one thousand dollars converted, each warrant entitling the holder to purchase one common share, at any time and from time to time until December 31, 2013, at an exercise price of 10.0 cents per common share. The Company converted $450 aggregate principal convertible debentures with a carrying value on conversion of $376 and $22 accrued interest in exchange for 4,723,775 common shares and allocated $1 from contributed surplus to share capital. In January 2012, the Company converted $5 aggregate principal convertible debentures with a carrying value on conversion of $4 and $1 accrued interest in exchange for 52,487 common shares. In connection with the conversions, the Company issued 2,275,000 warrants in January 2012 with an estimated fair value of $393.

iv. For the Mar 2015 Convertible Debentures, the Company amended the conversion price from 25.0 cents to 10.0 cents. In January 2012, the Company converted $2,320 aggregate principal convertible debentures with a carrying value of $1,691 and $92 accrued interest in exchange for 24,115,286 common shares and allocated $1,903 from contributed surplus to share capital.

The Company recorded a loss of $8,565 in the consolidated statements of operations and comprehensive loss on the offer to amend the terms of its convertible debt in accordance with guidance under IAS 32, Financial Instruments Presentation.

8. Debentures (continued)

(d) Effective March 1, 2012, the Company completed a non-brokered private placement of 250 debentures, in denominations of one thousand dollars, in the aggregate principal amount of $250 (the “Sep 2012 Debentures”). The debentures bear interest at the rate of 15% per annum, payable quarterly in June and September, and matured on September 2, 2012. The Company incurred financing costs of $13 in connection with this placement of debentures. On maturity, the Company entered into an agreement with the debenture holder to defer the repayment of principal and interest to September 2, 2014.

(e) Effective March 1, 2012, the Company completed a non-brokered private placement of 750 debentures, in denominations of one thousand dollars, in the aggregate principal amount of $750 (the “Feb 2013 Debentures”). The debentures bear interest at the rate of 15% per annum, payable semi-annually in September and March, and mature on March 1, 2013. Two officers of the Company purchased a total of 60 debentures and two directors purchased a total of 35 debentures for a total aggregate principal of $95. In September 2012, the Company entered into agreements with the debenture holders to defer repayment of principal and interest on $330 in debentures until March 1, 2014 and $420 until March 1, 2015.

(f) On May 30, 2012, a total of $475 of convertible debentures matured. The Company redeemed $10 in convertible debentures and entered into agreements with debenture holders of $165 and $300 par value to defer repayment of principal and interest and to extend the conversion feature to August 31, 2012 and October 12, 2012, respectively. Upon these maturities, the Company entered into new agreements with the debentures holders to further extend the maturity to October 31, 2014. As a result of these renegotiations, the Company recorded the convertible debentures and conversion features at their new fair values and allocated $107 to contributed surplus.

(g) Effective May 20, 2012, the Company completed a non-brokered private placement of 100 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 2,000 common shares. The debentures, in the aggregate principal of $100 (the “Sep 2012-II Debentures”), bear interest at a rate of 12.0% per annum, payable at maturity, and matured on September 20, 2012. The Company determined the fair value of the debentures was $95 and allocated the difference of $5 to the 200,000 common shares. The Company incurred no financing costs in connection with the private placement. On maturity, the Company entered into agreements with the debenture holders to redeem $50 and defer repayment of principal and interest on the remainder to January 20, 2013.

(h) Effective June 28, 2012, the Company completed a non-brokered private placement of 815 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture with a par value of $918 (the “Jun 2014 Debentures”) and 3,000 common shares. The debentures bear interest at a rate of 17.5% per annum, payable quarterly, and mature on June 27, 2014. The Company determined the fair value of the debentures was $748 and allocated the difference of $67 to the 2,445,000 common shares. The Company issued 2,300,000 common shares valued at $58 for costs related to this financing. The Company allocated $5 of financing costs to the common shares.

(i) On August 12, 2012, a total of $1,170 of convertible debentures matured. The Company redeemed $820 in convertible debentures and entered into agreements with the remaining debenture holders to defer repayment of principal and interest to October 12, 2014. As a result of these renegotiations, the Company recorded the convertible debentures and conversion features at their new fair values and allocated $44 to contributed surplus.

(j) On August 12, 2012, a total of $875 of debentures matured. The Company entered into agreements with the debenture holders to defer repayment of principal and interest to August 12, 2015 and to change the interest rate on the debenture to 10%. As a result of these renegotiations, the Company recorded the debentures at their new fair values and reflected $242 as a gain on extinguishment of debentures on the consolidated statements of operations and comprehensive loss.

8. Debentures (continued)

(k) Effective August 13, 2012, the Company completed a brokered private placement of 1,837 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of $1,837 (the "Aug 2015 Debentures"), bear interest at a rate of 12% per annum, payable quarterly, and mature on August 13, 2015. The warrants have an exercise price of $0.02 and expire on August 13, 2015. The Company determined the fair value of the debentures was $1,754 and allocated the difference of $83 to the 5,511,000 warrants. The Company incurred financing costs of $280 in connection with this debenture, consisting of $93 in cash, $37 on the issuance of 1,333,830 common shares to the broker and $150 on the issuance of 150 units to an agent with similar terms. The Company determined the $150 fair value of the units issued to the agent was attributable $143 to the debentures and $7 to the 450,000 warrants. The Company allocated $13 of financing costs to the warrants.

(l) Effective September 19, 2012, the Company completed a brokered private placement of 1,000 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of $1,000 (the "Sep 2015 Debentures"), bear interest at a rate of 12% per annum, payable quarterly, and mature on September 19, 2015. The warrants have an exercise price of $0.02 and expire on September 19, 2015. One officer of the company purchased 50 units. The Company determined the fair value of the debentures was $925 and allocated the difference of $75 to the 3,000,000 warrants. The Company incurred financing costs of $186 in connection with this debenture, consisting of $109 in cash, $2 on the issuance of 85,500 common shares to the broker and $75 on the issuance of 5,000,000 common shares to an agent. The Company allocated $14 of financing costs to the warrants.

(m) On October 31, 2012, a total of $2,090 in convertible debentures matured. The Company redeemed $105 in convertible debentures and entered into agreements with a $100 debenture holder to defer repayment of principal and interest until December 31, 2012, a $10 debenture holder to defer repayment of principal and interest until April 30, 2013, $250 debenture holders to defer repayment of principal until October 31, 2014 with interest due semi-annually, and the remaining $1,625 debenture holders to defer repayment of principal and interest to October 31, 2014. On December 31, 2012, the Company redeemed $100 in convertible debentures which had matured. As a result of these renegotiations, the Company recorded the convertible debentures and conversion features at their new fair values and allocated $316 to contributed surplus.

(n) Effective October 25, 2012, the Company completed a non-brokered private placement of 200 units. Each unit, in denominations of one thousand US dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of USD $200 (the "Oct 2015 Debentures"), bear interest at a rate of 12% per annum, payable quarterly, and mature on October 25, 2015. The warrants have an exercise price of $0.02 and expire on October, 2015. The Company determined the fair value of the debentures was $191 and allocated the difference of $9 to the 600,000 warrants. The Company incurred no financing costs in connection with this private placement.

(o) Effective November 30, 2012, the Company completed a brokered private placement of 625 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of $625 (the "Nov 2015 Debentures"), bear interest at a rate of 12% per annum, payable quarterly, and mature on November 19, 2015. The warrants have an exercise price of $0.02 and expire on November 19, 2015. One officer of the company purchased 50 units and one director of the company purchased 25 units. The Company determined the fair value of the debentures was $615 and allocated the difference of $10 to the 1,875,000 warrants. The Company incurred financing costs of $63 in connection with this debenture, consisting of $20 in cash, $8 on the issuance of 295,000 common shares to the broker and $35 on the issuance of 35 units to an agent with similar terms. The Company determined the $35 fair value of the units issued to the agent was attributable $34 to the debentures and $1 to the 105,000 warrants. The Company allocated $1 of financing costs to the warrants.

9. Equity Instruments

(a) Authorized
Unlimited common shares without par value
Unlimited preferred shares without par value, non cumulative, redeemable and non-voting

There are no issued and outstanding preferred shares.

(b) Issued and outstanding common shares

(i) The Company has established an employee stock purchase plan for the benefit of all eligible employees. Under the plan, common shares of the Company may be purchased at three-month intervals at 85% of the weighted average trading price of such shares for the applicable three-month period. Employees may contribute from 3% to 20% of their gross base salary. During the year ended December 31, 2012, the Company issued 698,529 (2011 – 331,928) common shares at an average price of 7.7 (2011 – 10.3) cents per share.

(ii) The Company had a "shares for rent" agreement with one of its landlords. Under the terms of the agreement, at the Company's option the landlord was required to subscribe for a number of common shares in exchange for the value of quarterly net rent. The number of common shares, calculated on the first day of each quarter, was equal to the net rent due divided by a denominator equal to the previous five-day weighted average closing price of the common shares (as reported by the TSX Venture Exchange). The agreement commenced on July 1, 2009 and ended on September 30, 2012.

(iii) On October 25, 2011, the Company completed a brokered private placement involving the distribution of 12,000,000 units, at a price of $0.10 per unit, for aggregate gross proceeds of $1,200. Each unit consisted of one common share of the Company and a ½ warrant. Each whole warrant entitles the holder to acquire one common share of the Company, at an exercise price of $0.12, at any time and from time to time until expiry on October 25, 2014. The Company incurred cash costs of $121 and issued 500,000 units to the broker. The units were converted to 12,500,000 common shares and 6,250,000 warrants.

(iv) On September 7, 2012, the Company issued 2,000,000 common shares to an advisor in connection with a general financial advisory agreement executed on May 10, 2012. The Company estimated the fair value of these common shares to be $140 based on the share price in effect on the date the advisory agreement was signed.

(In thousands of Canadian dollars, except share data)

9. Equity Instruments (continued)

(c) Issued and outstanding warrants

	Weighted Average Exercise Price (cents)	Number
Outstanding, January 1, 2011	18.5	8,750,123
Issued in connection with share issuance (Note 9(b)(iii))	12.0	6,250,000
Expired	(22.5)	(1,671,600)
Exercised	(20.5)	(1,040,000)
Outstanding, December 31, 2011	14.6	12,288,523
Issued on debt conversion (Note 8(c)(iii))	10.0	2,275,000
Issued on debentures (Note 8(k)(l)(n)(o))	2.0	11,541,000
Expired	(22.5)	(2,888,523)
Outstanding, December 31, 2012	**7.0**	**23,216,000**

Warrants outstanding as of December 31, 2012 are as follows:

Exercise Price (cents)	Weighted Average Remaining Contractual Life in Years	Outstanding
12.0	1.6	11,675,000
2.0	2.7	11,541,000

(d) Issued and outstanding broker warrants

	Weighted Average Exercise Price ($)	Number
Outstanding, January 1, 2011	1	227.25
Granted (i)	1	500.00
Expired	(1)	(90.00)
Outstanding, December 31, 2012 and 2011	**1**	**637.25**

The weighted average remaining contractual life for broker warrants outstanding as of December 31, 2012 is 2 years.

(i) As part of the March 2, 2011 brokered private placement (Note 8(b)), the Company issued 500 broker warrants, each warrant entitling the holder to acquire one thousand dollars principal amount secured convertible debenture. Holders may convert principal into common shares of the Company at any time prior to March 2, 2015 at a conversion price of 25.0 cents per share.

The fair value of each broker warrant of 12.4 cents was estimated using the Black-Scholes option valuation model assuming a risk-free interest rate of 2.3%, an expected volatility of 119% and an expected life of 4.0 years. The expected volatility of the Company is based on its historical volatility for the same weighted average expected life of the warrant. An amount of $248 was allocated to contributed surplus in 2011.

(In thousands of Canadian dollars, except share data)

9. Equity Instruments (continued)

(e) Options

Under the Company's current Stock Option Plan (the "Plan"), the Company's directors may approve the issuance of stock options to directors, officers, employees and consultants of the Company and its affiliates. The aggregate number of shares reserved for issuance under the Plan is up to 15% of the number of outstanding common shares. As at December 31, 2012, 26,295,000 stock options remain outstanding at prices ranging from 1.0 cents to 20.0 cents per share. Options for the Company's directors, officers and consultants vest immediately, while options for employees generally vest ratably over a period of three years, except for 9,962,500 options granted on February 25, 2009, which vest ratably over a period of two years. All options have a life of five years and have expiry dates ranging from October 1, 2013 to November 2, 2017.

The Company measures compensation costs associated with stock-based compensation using the fair value method and the cost is recognized over the vesting period of the underlying security. Expected volatilities are based on the historical volatility of VVX's share price. The fair value of each option is determined at the grant date using the Black-Scholes option valuation model with the following weighted average assumptions:

	2012	2011
Risk-free rate	**1.0%**	1.6%
Expected dividend yield	**0.0%**	0.0%
Expected volatility rate	**119%**	121%
Expected option life	**3 years**	3 years
Forfeiture rate	**15.0%**	0.0%
Share price (cents per share)	**5.6**	14.9
Exercise price (cents per share)	**5.6**	14.3
Fair value (cents per share)	**4.3**	10.7

During the year ended December 31, 2012, $470 (2011 - $249) was included in labour costs as stock-based compensation related to options with the corresponding amount charged to contributed surplus.

(In thousands of Canadian dollars, except share data)

9. Equity Instruments (continued)

The following table sets out information concerning stock options issued to employees, consultants, directors and officers that were outstanding at December 31, 2012 and 2011:

	Weighted Average Exercise Price (cents)	Number of Options
Outstanding, January 1, 2011	11.9	12,228,750
Granted	14.3	3,105,000
Exercised	7.9	(328,334)
Forfeited	(20.7)	(2,270,416)
Outstanding, December 31, 2011	11.4	12,735,000
Granted	5.6	28,350,000
Forfeited	(9.7)	(11,825,000)
Outstanding, December 31, 2012	**6.3**	**29,260,000**

The weighted average share price for options exercised at the time of exercise was $nil (2011 - 17.0 cents).

The following table summarizes information about the stock options outstanding at December 31, 2012:

Range of Exercise Prices per Share (cents)	Number of Options Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price (cents)	Number of Options Vested/ Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price (cents)
0 to 5	13,150,000	4.8	2.0	6,000,000	4.8	1.0
5 to 10	12,475,000	3.1	9.0	5,823,334	2.0	8.1
10 to 15	780,000	3.1	11.5	393,333	2.7	11.9
15 to 24	2,855,000	2.4	16.3	2,181,663	2.1	16.3
	29,260,000	**3.8**	**6.3**	**14,398,330**	**3.2**	**6.5**

(In thousands of Canadian dollars, except share data)

10. Related Party Transactions

The Company had the following related party transactions:

(a) Included in other operating costs for the year ended December 31, 2012 are $247 (2011 - $220) of consulting services paid to companies controlled or influenced by directors and management contractors of the Company.

(b) Included in accounts payable and accrued liabilities at December 31, 2012 is $63 (2011 - $112) due to various directors, companies controlled or influenced by directors and management contractors of the Company, all of which are for services rendered and reimbursement of expenses.

In October 2012, the Company entered into an arrangement with a company influenced by a director of the Company to settle $189 in accounts payable through the issuance of 7,571,688 common shares of the Company with a fair value of $113. As at December 31, 2012 the Company has yet to issue the common shares in connection with the debt settlement arrangement, but recorded a $76 gain on the settlement of debt in the consolidated statements of operations and comprehensive loss.

(c) For the year ended December 31, 2012, the Company made interest payments on debentures of $23 (2011 - $182) to directors, senior management and management contractors of the Company.

(d) As part of the March 1, 2012 private placement of debentures (note 8(d)), two officers and two directors purchased $95 in total debentures. As part of the June 28, 2012 private placement of debentures (note 8(h)), one director purchased $45 in units. As part of the September 19, 2012 private placement of debentures (note 8(l)), one officer purchased $50 in units. As part of the November 30, 2012 private placement of debentures (note 8(o)), one officer and one director purchased $75 in total units.

(e) During 2011, the Company purchased an investment in one of the Company's customers (and a company over which a former director exerts significant influence) for $350 from the former director and subsequently sold a portion of the investment to the same director for $350.

During the year, the Company received 750,000 shares of that same company as settlement for amounts owing under and cancellation of, a license and maintenance contract (Note 6). Additionally, the Company paid 218,333 shares of that company to the same former director as compensation for debenture guarantees.

(f) During the year, the Company issued 405,000 common shares to a former director as compensation for debenture guarantees and committed to issue an additional 1,595,000 common shares. The Company estimated the total fair value of these common shares to be $58 based on the share price in effect on the date the advisory agreement was signed. In addition, the Company paid insurance on the personal assets pledge by the former director as part of the debenture guarantee in 2012 the amount of $96 (2011 – $38).

All the related party transactions have been measured at the exchange amounts, which is the amount agreed upon between the related parties.

Key management compensation

Compensation	**2012**	2011
Salaries	**1,014**	1,042
Stock-based compensation	**219**	96
	1,233	1,138

The key management includes the senior officers of the Company.

(In thousands of Canadian dollars, except share data)

11. Income Taxes

The effective rates of income tax vary from the statutory tax rates as follows:

At December 31,	**2012**	2011
Combined statutory tax rates	**25.0%**	28.0%
Expected income tax recovery at statutory tax rates	**2,783**	3,757
Permanent differences	**(946)**	(2,783)
Change in tax rates	**55**	(106)
Resolution of uncertain tax positions	**-**	266
Unrecognized deferred tax assets	**(1,892)**	(875)
Recovery of income taxes	**-**	259

Deferred income taxes reflect the net effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Significant components of the deferred income tax assets that have not been recognized include the following:

At December 31,	**2012**	2011
Carrying value of long-term assets in excess of tax value	**2,059**	1,856
Financing costs deductible in the future	**212**	236
Unused tax loss carryforwards	**16,063**	14,350
Unrecognized deferred income tax assets	**18,334**	16,442

As at December 31, 2012, subject to confirmation from the respective income tax authorities, the Company has a total of $62,392 of non-capital losses that are available for carryforward to offset future years' taxable income expiring as follows:

	Non-Capital Losses
2014	1,018
2015	1,279
2026	5,585
2027	11,137
2028	17,474
2029	9,639
2030	6,458
2031	3,217
2032	6,585
	62,392

For Canadian tax purposes, the Company has non-capital losses of $60,916 and for U.S. tax purposes, the Company has net operating losses of $1,459 that have a 15-year carryforward period.

(In thousands of Canadian dollars, except share data)

12. Commitments and Contingencies

(a) Leases

The Company has obligations under long-term operating leases for premises for various periods up to 2014. There are no lease commitments after 2014. Future minimum annual lease payments over the next two years are as follows:

	Total
2013	328
2014	82

The Company paid operating lease costs of $799 for the year ended December 31, 2012 (2011 - $644).

(b) General

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims from customers, suppliers and former employees. On an ongoing basis, the Company assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual matter. The required provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

Management believes that adequate provisions have been recorded in the accounts, where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurances, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position or results of operations of the Company.

(c) In November 2012, the Company received notices of reassessment in the aggregate amount of approximately $306 from the Canada Revenue Agency related to GST/HST returns completed during 2010 through to 2012. The Company filed a notice of objection on January 23, 2013 in dispute of this claim. No provision has been made in these consolidated financial statements for additional GST/HST, if any, which may be determined to be payable on ultimate resolution of this dispute. The Company believes it has substantial defenses to the claim and it is unlikely that any material additional tax liability will result.

(In thousands of Canadian dollars, except share data)

13. Financial Instruments and Risk Management

Classification of financial instruments

Upon initial recognition, all financial instruments are recorded on the statements of consolidated financial position at their fair value. After initial recognition, the financial instruments are measured at their fair value, except for held-to-maturity investments, loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest rate method and available for sale instruments whose fair value cannot be measured reliably are held at cost. Changes in the fair value of held-for-trading financial instruments are recognized in operations for the year. The Company does not hold any held-to-maturity investments.

The Company holds various forms of financial instruments as follows:

	Designation	Measurement	**2012**	2011
Cash and cash equivalents	Held-for-trading	Fair value	**19**	382
Accounts receivable (excluding commodity tax)	Trade and other receivables	Amortized cost	**634**	636
Other asset	Available for sale	Cost	**378**	-
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	**2,066**	1,008
Interest on debentures	Other financial liabilities	Amortized cost	**649**	306
Debentures	Other financial liabilities	Amortized cost	**10,235**	7,915

(In thousands of Canadian dollars, except share data)

13. Financial Instruments and Risk Management (continued)

Financial risk management

The nature of these financial instruments and the Company's operations expose the Company to a number of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

At December 31, 2012 and 2011, primarily all of the Company's cash and cash equivalents were held at one financial institution.

The Company, in the normal course of business, is exposed to credit risk from its customers. The accounts receivable are subject to normal credit risks. Any amounts not provided for are considered fully collectible.

The following table provides the details of the aged receivables and the related allowance for doubtful accounts:

At December 31,	**2012**	2011
Current	**311**	369
Past due but not impaired		
31 to 60 days	**239**	165
61 to 90 days	**78**	54
Over 90 days	**6**	94
Past due and impaired		
Over 90 days	**252**	17
Less: allowance for doubtful accounts	**(252)**	(17)
Total accounts receivable, net	**634**	682

The Company reflected bad debt expense of $235 in the consolidated statements of operations and comprehensive loss for the year ending December 31, 2012 (2011 - $3).

(In thousands of Canadian dollars, except share data)

13. Financial Instruments and Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk through cash flow forecasting including anticipated investing and financing activities. Further discussion with regard to the Company's liquidity management is described in Note 1 to the consolidated financial statements.

The contractual cash flows of the Company's financial liabilities, as at December 31, 2012 are as follows:

	2013	2014	2015
Accounts payable and accrued liabilities	2,066	-	-
Interest on debentures	196	360	93
Debentures	310	4,068	7,822
	2,572	4,428	7,915

Foreign currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company sells software and services in both Canadian and foreign currencies. The sale of software and services in foreign currencies gives rise to the risk that the Company's income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. Certain purchases of services and equipment are also made in non-Canadian currencies. The Company does not actively manage this risk and uses its natural hedge to mitigate, to the extent possible, the impact of foreign exchange fluctuations.

The most significant exposure arises from U.S. dollar revenue and costs. For the year ended December 31, 2012, approximately 48% of revenue and 32% of costs were transacted in U.S. dollars. As a result, the Company may experience transaction exposure because of volatility in the exchange rate between the Canadian and U.S. dollar. Based on the Company's current U.S. denominated net inflows, as at December 31, 2012, an increase in the value of the U.S. dollar versus the Canadian dollar of 10% would, everything else being equal, have an effect of increasing revenue by 4.8%, increasing costs by 3.2% and decreasing loss from operations by 2.5%. A decrease in the value of the U.S. dollar would result in a corresponding decrease by these percentages.

The Company is also exposed to foreign exchange risk from transactions in British pounds, Euros and Danish kroner. Fluctuations of 10% in the exchange rates for these currencies, when compared to the Canadian dollar, are not expected to individually have a material effect on the Company's results of financial performance.

13. Financial Instruments and Risk Management (continued)

Fair values of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and other liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The fair value of other asset cannot be measured reliably as it does not have a quoted market price. See Note 6 for further information.

The fair value of the debentures and accrued interest on debentures, which are estimated by discounting their future cash flows at a rate of 22%, are $10,531 (2011 – $9,071).

Financial assets and liabilities that are carried at fair value are measured using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy of inputs is summarized below.

Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Fair value is based on inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents carried on the consolidated statements of financial position at fair value are classified as Level 1.

14. Capital Management

The Company's objective when managing capital is to ensure that it has adequate financial resources to maintain liquidity necessary to fund its operations and provide returns for shareholders and benefits to other stakeholders. The capital structure of the Company consists of share capital and debentures. At December 31, 2012, the Company has share capital of $66,816 (2011 - $61,699) and debentures of $10,235 (2011 - $7,915).

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. Upon approval of the Board of Directors, the Company balances its overall capital through new share, debenture, and warrant issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the year.

(In thousands of Canadian dollars, except share data)

15. Segmented Information

Operating segment

The Company operates in the sale and service of software and hosting solutions segment and all sales are made in this segment. Management assesses performance and makes decisions about allocating resources based on the one operating segment.

Product category information

The Company earned revenue attributed to the following product categories based on the main product or service sold to the customer:

At December 31,	**2012**	2011
Mobile Advertising	**2,620**	1,123
Voice and Data Search	**1,368**	5,080
Total	**3,988**	6,203

For the year ended December 31, 2012, the Company earned 12% of its revenue from one carrier. For the year ended December 31, 2011, the Company earned 12% of its revenue from one carrier and 39% from a separate directory publisher.

Geographic information

The Company earned revenue attributed to the following regions based on the geographical location of the customer:

At December 31,		**2012**		2011
North America	**$**	**2,509**	$	3,949
Rest of world		**1,479**		2,254
Total	**$**	**3,988**	$	6,203

Substantially all of the Company's non-current assets are located in North America.

(In thousands of Canadian dollars, except share data)

16. Business Combinations

UpSnap

On October 25, 2011, the Company acquired the assets of UpSNAP Services, LLC ("UpSNAP"). Based in Charlotte, North Carolina, UpSNAP is a direct response advertising network on mobile phones in the United States and a pioneer in the pay-per-call industry. In consideration, the Company issued 3,000,000 common shares valued at $285, paid USD $125 and agreed to pay contingent consideration of USD $125 and 500,000 common shares after 9 months subject to revenue targets. The Company valued the contingent considerations at $174 on acquisition and subsequently revalued the consideration to USD $125 as of December 31, 2011 (Note 7). The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective October 25, 2011 and has contributed incremental revenue of $130 and operating income of $(76) for the year ended December 31, 2011. The Company's consolidated operating revenues and net loss for the year ended December 31, 2011 would have been $6,640 and $13,286, respectively, had the UpSNAP acquisition occurred on January 1, 2011.

The final fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	**586**
Current assets (including cash acquired of $17)	**68**
Property and equipment	**33**
Acquired technology	**515**
Current liabilities	**(100)**
Fair value of net identifiable assets acquired	**516**
Goodwill	**70**

Goodwill represents intangible assets that do not qualify for separate recognition and is deductible for tax purposes. The acquired technology is being amortized over a period of five years.

VoodooVox

On January 6, 2012, the Company acquired the assets and business operations from a Delaware company then operating as VoodooVox, Inc. ("Old VoodooVox"). Old VoodooVox, located in Massachusetts, provided real-time demographic information on phone calls and mobile ad traffic. Working with proprietary information developed by Old VoodooVox and data provided by third party aggregators, the acquired assets enable companies to gain valuable insight into their call volume and mobile game/application activity. In consideration, the Company issued 11,250,000 common shares valued at $1,069, paid USD $35 in cash and agreed to pay contingent consideration of USD $1,800 in cash over a period of time subject to net income. The Company valued the contingent consideration at $184 and subsequently revalued the contingent consideration to $497 (Note 7). The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective January 6, 2012. The Company's consolidated operating revenues and net loss for the year ended December 31, 2012 would not be significantly different had the Old VoodooVox acquisition occurred on January 1, 2012.

(In thousands of Canadian dollars, except share data)

16. Business Combinations (continued)

The final fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	**1,289**
Current assets (including cash acquired of $153)	**478**
Property and equipment	**38**
Acquired technology	**904**
Current liabilities	**(293)**
Fair value of net identifiable assets acquired	**1,127**
Goodwill	**162**

Goodwill represents intangible assets that do not qualify for separate recognition, such as workforce, and is deductible for tax purposes. The acquired technology is being amortized over a period of five years.

17. Impairment of Long-Lived Assets

During the year ended December 31, 2012, the Company wrote-down goodwill with a carrying value of $2,211 and customer lists with a carrying value of $104 from its previous BTS Logic Europe Aps (“BTS”) and PhoneSpots Limited (“PhoneSpot”) acquisitions. With the more recent acquisitions in 2012 and 2011 (Note 16), the Company has shifted its business focus towards providing mobile advertising solutions to advertisers and publishers and away from the voice and data search revenue streams which was previously associated with BTS and PhoneSpots.

The Company continues to use the acquired technology from BTS and PhoneSpots as part of its continued strategy to provide mobile advertising solutions.

18. Net Loss per Share

The loss and weighted average number of shares used in the calculation of basic and diluted loss per share for the years ended December 31, 2012 and 2011 is presented on the consolidated statements of loss and comprehensive loss.

To determine the diluted loss per share, the denominator is increased by the total of additional common shares that would have been issued assuming exercise of all stock options, warrants and convertible debentures with exercise prices at or below the average market price for the year and decreased by the number of shares that the Company could have repurchased if it had used the proceeds from the exercise of stock options and warrants to repurchase them on the open market at the average share price for the year. The numerator is increased by the dilutive effect of interest on the convertible debentures.

In 2012 and 2011, effects of dilutive securities have not been presented as they are anti-dilutive.

(In thousands of Canadian dollars, except share data)

19. Subsequent Events

(a) Effective January 30, 2013, the Company completed a non-brokered private placement of 525 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of $525, bear interest at a rate of 12% per annum, payable quarterly, and mature on January 30, 2016. The warrants have an exercise price of $0.02 and expire on January 30, 2016. The Company incurred financing costs of $41 in connection with this private placement.

(b) Effective March 18, 2013, the Company completed a non-brokered private placement of 150 units. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture and 3,000 warrants. The debentures, in aggregate principal of $150, bear interest at a rate of 12% per annum, payable quarterly, and mature on March 18, 2015. The warrants have an exercise price of $0.02 and expire on March 18, 2015. The Company incurred financing costs of $18 in connection with this private placement.

20. Comparative Figures

The Company has reclassified the following comparative figures from accounts payable and accrued liabilities to current portion of other liabilities to conform with the current year's presentation:

(i) Interest on debentures	$306
(ii) UpSNAP acquisition earn-out	$90

Interest on debentures is presented in other liabilities as the respective current year balance has both long-term and short-term component classifications. UpSNAP acquisition earn-out is a provision and has been distinguished from other financial liabilities. This reclassification has no impact on the results from operations, working capital or the financial position of the Company.