



iSIGN Media Solutions Inc.

**Condensed Consolidated Interim Financial Statements
For the Six Months Ended October 31, 2015 and 2014
(Unaudited)
Expressed in Canadian Dollars**

iSIGN MEDIA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER, 31 2015 and 2014

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ISIGN MEDIA SOLUTIONS INC.

Notice of no auditor review of the condensed consolidated interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statement have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of iSIGN Media Solutions Inc. (the "Company") have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by The Canadian Institute of Chartered Accountants, for a review of interim financial statements by an entity's auditor.

December 22, 2015

iSIGN Media Solutions Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
Expressed in Canadian Dollars

As at	[Notes]	October 31 2015	April 30 2015
Assets			
Current assets			
Cash		\$ 82,689	\$ 6,443
Restricted cash		10,000	17,000
Accounts receivable (net of allowance of \$13,070, 2014 - \$28,070)		6,376	5,606
Other receivable		46	942
Sales taxes recoverable		90,345	83,028
Inventories	[5,12.vi]	1,286,569	1,081,375
Prepaid expenses and deposits		17,588	21,119
		1,493,613	1,215,513
Non-current assets			
Property and equipment	[6]	36,484	40,836
Intangible assets	[7,12.vi]	4,813,470	2,757,210
Total assets		\$ 6,343,567	\$ 4,013,559
Liabilities			
Current liabilities			
Bank overdraft		\$ -	\$ 5,200
Accounts payable and accrued liabilities		1,411,515	1,899,705
Provisions		36,641	36,641
Loan payable	[8,12.iii]	60,000	100,000
Notes payable	[9,12.iv]	360,000	-
Deferred revenue		-	27,838
Asset retirement obligations		99,400	99,400
		1,967,556	2,168,784
Total liabilities			
Shareholders' equity			
Share capital	[10.a]	13,156,486	10,794,391
Warrants	[10.d]	3,714,763	3,340,422
Contributed surplus	[11]	6,685,231	6,212,595
Deficit		(19,180,469)	(18,502,633)
Total shareholders' equity		4,376,011	1,844,775
Total liabilities and shareholders' equity		\$ 6,343,567	\$ 4,013,559

Going Concern [Note 2]; Commitments and Contingencies [Note 15]

Approved by the board

"A. Romanov"

Director

"B. Reilly"

Director

iSIGN Media Solutions Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the Six Months Ended October 31, 2015 and 2014
(Unaudited)
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		Share Capital			Warrants	Contributed		Total
	[Notes]	Number	Amount	Number	Amount	Surplus	Deficit	Shareholders' Equity
			\$		\$	\$	\$	\$
Balance at April 30, 2014		80,563,133	10,475,026	19,566,215	2,991,942	4,655,473	(16,755,228)	1,367,213
Issuance of common shares	[10.a.d.]	108,888	18,752	-	-	-	-	18,752
Warrants exercised	[10.a.d.]	181,516	54,455	-	-	-	-	54,455
Transfer to contributed surplus:								
Ascribed value of exercised warrants	[10.d]			(181,516)	(39,389)	39,389		-
Stock-based compensation	[10.c,11]	-	-	-	-	53,583	-	53,583
Comprehensive loss		-	-	-	-	-	(699,515)	(699,515)
Balance at October 31, 2014		80,853,537	10,548,233	19,384,699	2,952,553	4,748,445	(17,454,743)	794,488
Balance at April 30, 2015		90,919,631	10,794,391	23,102,127	3,340,422	6,212,595	(18,502,633)	1,844,775
Issuance of common shares in asset acquisition	[10.a]	10,000,000	1,989,500	-	-	-	-	1,989,500
Issuance of common shares with warrants	[10.a.d]	4,177,777	116,196	4,177,777	618,444			734,640
Issuance of common shares in exchange for debt	[10.a, 12.viii]	1,774,814	236,399	-	-	-	-	236,399
Options exercised	[10.a]	133,333	20,000	-	-	-	-	20,000
Transfer to contributed surplus:								
Ascribed value of exercised warrants	[10.d]			(1,036,034)	(244,103)	244,103		-
Stock-based compensation	[10.c,11]	-	-	-	-	228,533	-	228,533
Comprehensive loss		-	-	-	-	-	(677,836)	(677,836)
Balance at October 31, 2015		107,005,555	13,156,486	26,243,870	3,714,763	6,685,231	(19,180,469)	4,376,011

iSIGN Media Solutions Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
Expressed in Canadian Dollars

	[Notes]	For the Six Months Ended October 31 2015	October 31 2014	For the Six Months Ended October 31 2015	October 31 2014
Revenues					
Sales		\$ 6,448	\$ 30,000	\$ 34,294	\$ 35,427
Service		119	132,736	3,239	157,993
		6,567	162,736	37,533	193,420
Cost of sales		(2,073)	61,029	3,870	118,852
Gross Profit		8,640	101,707	33,663	74,568
Expenses					
Amortization - intangible assets	[7]	39,220	38,298	76,720	76,596
Depreciation – property and equipment	[6]	3,626	4,143	4,352	8,285
General and administration	[18]	208,599	291,857	629,493	604,188
Interest		10,330	37,961	20,469	55,568
Bad debt recovery		(15,000)	-	(25,000)	-
Selling and marketing	[17]	2,369	23,883	5,465	29,446
		249,144	396,142	711,499	774,083
Loss and comprehensive loss		\$(240,504)	\$ (294,435)	\$ (677,836)	\$ (699,515)
Loss and comprehensive loss per share (basic and diluted)	[13]	(0.002)	(0.004)	(0.007)	(0.009)
Weighted average number common shares outstanding (basic and diluted)	[13]	105,803,430	80,697,291	95,367,327	79,395,120

iSIGN Media Solutions Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
Expressed in Canadian Dollars

For the Six Months Ended	[Notes]	October 31 2015	October 31 2014
Net (outflow) inflow of cash related to the following activities:			
Operating			
Net loss from continuing operations		\$ (677,836)	\$ (699,515)
Adjustments for non-cash items:			
Depreciation - property and equipment	[6]	4,352	8,285
Amortization - intangible assets	[7]	76,720	76,596
Stock-based compensation	[10.c, 11]	228,533	53,583
Accretion interest - asset retirement obligations		-	17,065
		(368,231)	(543,986)
Net change in non-cash working capital	[16]	(509,148)	(375,624)
Net cash used in operating activities		\$ (877,379)	\$ (919,610)
Investing			
Additions to intangible assets	[7]	\$ (341,714)	\$ (377,269)
Net cash used in investing activities		\$ (341,714)	\$ (377,269)
Financing			
Issuance of common shares	[10.a(v), (vi), (vii)]	\$ 724,139	\$ 73,207
Issuance of common shares in exchange for debt	[10.a (x)]	236,600	-
Exercise of stock options	[10.a (xi)]	20,000	-
Issuance of a convertible note payable	[9]	360,000	-
Retirement of bank indebtedness		(5,200)	-
Repayment of note payable	[8]	(40,000)	-
Issuance of note payable	[8]	-	1,250,000
Net cash provided by financing activities		\$ 1,295,339	\$ 1,323,207
Cash provided		\$ 76,246	\$ 26,328
Cash – beginning of period		6,443	133,802
Cash – end of period		\$ 82,689	\$ 160,130

Cash is defined as unrestricted bank balances.

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended October 31, 2015 and 2014

1. Description of Business

iSIGN Media Solutions Inc. ("iSIGN" or the "Company") was incorporated under the laws of Ontario on May 15, 2007. On April 8, 2008, the Company was listed on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company as defined in the Exchange's Policy 2.4, "Capital Pool Companies". On September 3, 2009, the Company completed its Qualifying Transaction, as defined in the Exchange's policy 2.4, by acquiring all of the issued and outstanding shares of iSIGN Media Corp. ("iSIGN Media"). The Corporation's head office is located at 45A West Wilmot Street, Unit 3 in Richmond Hill, Ontario, L4B 2P2.

iSIGN is a Software-as-a-Service ("SaaS") company that licenses its patented proximity marketing solutions that deliver rich-media, permission based messages to consumers within a scalable 300 foot radius, making the messages relevant and spontaneous. iSIGN's technology, contained within hardware units known as Smart Antennas and Smart Players, utilizes Bluetooth® and Wi-Fi location-aware technology to deliver messaging directly to consumers' mobile devices, free of charge to the recipient. Unlike the iBeacon, there is no requirement for the download of an app in order to receive our messages, and therefore no requirement for the recipient to divulge any private information whatsoever. Device discovery and message statistics are secure and gathered in real-time, stored and analyzed within iSIGN's back office resulting in anonymous, preferential and predictive data. The resulting business intelligence and real-time metrics, gathered by iSIGN's patented solution, delivers insights on consumer preferences that help advertisers measure their efforts and make business decisions, thus enabling advertisers and retailers to increase their ROI and customer loyalty.

iSIGN has moved from the research phase into the development phase of the product life cycle, having proven the iSIGN device technical feasibility as it moves to being available for use and sale. In addition to this, the Company has demonstrated the existence of a market for the data generated from the iSIGN technology. The Company continues to move forward in completing the development phase in order to monetize the data generated through the ongoing use of the iSIGN products.

2. Going Concern

While these consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, certain adverse conditions and events cast substantial doubt upon the validity of this assumption. As at October 31, 2015, the Company has incurred significant losses since its inception in the amount of \$19,180,469 (April 30, 2015 - \$18,502,633). As at October 31, 2015, the Company reported a working capital deficiency of \$473,943 (April 30, 2015 - \$953,271).

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and to raise capital through equity or debt financing until such time as the Company can support its activities through its own cash flow.

If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported loss and comprehensive loss and the statement of financial position classifications used. The financial statement items most likely to be subject to adjustment would be inventories and intangible assets.

3. Basis of Presentation

Basis of Presentation and Measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information and footnotes required by the International Financial Reporting Standards ("IFRS") as issued by the IASB for full annual financial statements and

iSIGN Media Solutions Inc.
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3. Basis of Presentation – continued

should be read in Conjunction with the Company's annual financial statements for the years ended April 30, 2015 and 2014.

These unaudited condensed interim consolidated financial statements have been prepared on a historical basis using the accrual basis of accounting except for available-for-sale financial assets. The policies applied in these consolidated financial statements are based on IFRS and IFRIC policies issued and effective as of October 31, 2015. The accounting policies and methods adopted are consistent with those disclosed in Note 4 to the Company's consolidated financial statements for the years ended April 30, 2015 and April 30, 2014.

These condensed consolidated interim financial statements of the Company for the six months ended October 31, 2015 and 2014, were approved and authorized for issue by the Audit Committee and the Board of Directors on December 22, 2015.

Basis of Measurement

These consolidated financial statements have been prepared on the basis of historical costs, except for the financial instruments that are measured at fair value through profit or loss.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are disclosed in note 3 of the Company's consolidated financial statements as at and for the years ended April 30, 2015 and April 30, 2014.

Functional and Presentation Currency

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, iSIGN Media Corp., iSIGN Media Network Corp. and Pinpoint Commerce Inc. The Company has no interest in special purpose entities.

Subsidiaries are entities that are controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated financial statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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4. Asset Acquisition

On July 10, 2015, the Company completed the purchase of selected assets from Graphic Media, Inc. ("Graphic") and Engage Mobile Media Solutions LLC ("Engage").

The Company issued ten million common shares from treasury in exchange for all of Graphic and Engage's assets that related to the Company's core business of Proximity Marketing. The issued shares have been valued at \$2 million.

The assets acquired at the date of acquisition include:

Current Assets	
Inventory (Note 5)	\$ 208,734
Non Current Assets	
Intangibles (Note 7)	1,791,266
	<u>\$ 2,000,000</u>

As of the date of these condensed consolidated interim financial statements, the required market valuations and other calculations have not been finalized and the asset fair valuation has only been provisionally determined based on the Company's best estimate of the likely values.

The intangible asset relates to media and advertising lists, contracts and agreements.

5. Inventories

The Company's inventories consist of purchased Smart Antennas.

	October 31, 2015	April 30, 2015
Balance, beginning of period	\$ 1,081,375	\$ 158,756
Purchases	-	950,650
Acquired in asset purchase (Note 4)	208,734	-
Transferred to cost of sales	(3,540)	(28,031)
Balance, end of period	<u>\$ 1,286,569</u>	<u>\$ 1,081,375</u>

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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6. Property and Equipment

	Interactive Media Devices	Furniture and Fixtures	Computer Equipment	Digital Signage Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance April 30, 2014	90,144	31,080	46,358	648,260	8,733	824,575
Disposals	(71,734)	-	-	(648,260)	-	(719,994)
Balance April 30, 2015	18,410	31,080	46,358	-	8,733	104,581
Disposals	-	-	-	-	-	-
Balance October 31, 2015	18,410	31,080	46,358	-	8,733	104,581
Accumulated amortization						
Balance April 30, 2014	78,629	9,193	34,122	635,431	2,474	759,849
Depreciation	3,455	2,189	3,670	12,829	1,747	23,890
Disposals	(71,734)	-	-	(648,260)	-	(719,994)
Balance April 30, 2015	10,350	11,382	37,792	-	4,221	63,745
Depreciation	1,209	985	1,285	-	843	4,352
Balance October 31, 2015	11,559	12,367	39,077	-	5,094	68,097
Net book value						
Balance April 30, 2015	8,060	19,698	8,566	-	4,512	40,836
Balance October 31, 2015	6,851	18,713	7,281	-	3,639	36,484

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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7. Intangible Assets

	Internally-generated			Other			
	Technology Development Costs	Data Development Costs	Patents	Trademarks	Digital Signage Contracts POS Data	Deferred Share-based Payment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance April 30, 2014	657,401	716,907	50,860	1,350	999,098	750,000	3,175,616
Additions	454,611	584,189	17,941	-	-	-	1,056,741
Disposals	-	-	-	-	(999,098)	-	(999,098)
Balance April 30, 2015	1,112,012	1,301,096	68,801	1,350	-	750,000	3,233,259
Additions	57,750	278,805	5,159	-	1,791,266	-	2,132,980
Disposals	-	-	-	-	-	-	-
Balance October 31, 2015	1,169,762	1,579,901	73,960	1,350	1,791,266	750,000	5,366,239
Accumulated amortization							
Balance April 30, 2014	-	-	2,509	1,350	999,098	318,750	1,321,707
Amortization	-	-	3,440	-	-	150,000	153,440
Disposals	-	-	-	-	(999,098)	-	(999,098)
Balance April 30, 2015	-	-	5,949	1,350	-	468,750	476,049
Amortization	-	-	1,720	-	-	75,000	76,720
Balance October 31, 2015	-	-	7,669	1,350	-	543,750	552,769
Net book value							
Balance April 30, 2015	1,112,012	1,301,096	62,852	-	-	281,250	2,757,210
Balance October 31, 2015	1,169,762	1,579,901	66,291	-	1,791,266	206,250	4,813,470

8. Note Payable

On July 25, 2014, the Company and Korona Group Inc, agreed to sign a demand promissory note payable to Korona Group Inc, in the amount of \$600,000 that would constitute full payment of advances and payment to amounts owing to QDAC Inc., plus related interest. The note carries interest at 8% and is convertible for three months from the date of issue into units consisting of one common shares of the Company at a price payable of \$0.25 per share and one common share purchase warrant, which is exercisable into one common share of the Company for a period of two years at an exercise price of \$0.50 per warrant (Note 12.iii).

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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8. Notes Payable – continued

On July 25, 2014, the Company entered into demand promissory notes in the amount of \$900,000 that carry interest at 8% per annum and are convertible for three months from the date of issue into units consisting of one common share of the company at a price payable of \$0.25 per share and one common share purchase warrant, which is exercisable into one common share of the Company for a period of two years at an exercise price of \$0.50 per warrant (Note 12.iii).

On March 13, 2015, the Company entered into a secured \$100,000 note with Korona Group Ltd., at an interest rate of 8% compounded monthly, due and payable July 30, 2015 (Note 12.iii).

On June 29, 2015, the Company repaid \$40,000 against the outstanding \$100,000. The note holder has agreed to extend the July 31, 2015 due date to January 31, 2016 (Note 12.iii).

9. Convertible Note Payable

On May 7, 2015, the Company entered into a secured convertible promissory note in the amount of \$360,000 due May 7, 2016 and bearing an interest rate of 10% to a company controlled by two shareholders, both of whom are considered to be insiders of the Company, due to ownership in excess of 10% of the common shares of the Company (Note 12.iv).

10. Share Capital

a. Common Shares

Common shares issued

	[Notes]	Number	Amount
Balance April 30, 2014		80,563,133	\$ 10,475,026
Issuance in a private placement	10.a.(i)	108,888	19,600
Exercise of options	10.a.(ii)	500,000	75,000
Issuance in conversion of notes payable	10.a.(iii)	9,566,094	181,756
Exercise of warrants	10.a.(iv)	181,516	54,455
Cost of share issuances			(11,446)
Balance April 30, 2015		90,919,631	\$ 10,794,391
Issuance in private placement	10.a.(v)	677,777	31,856
Issuance in private placement	10.a.(vi)	500,000	24,500
Issuance in private placement	10.a.(vii)	2,000,000	50,200
Issuance in private placement	10.a.(ix)	1,000,000	47,000
Issuance in payment of asset acquisitions	10.a.(viii)	10,000,000	2,000,000
Issuance in exchange for debt	10.a.(x)	1,774,814	239,600
Exercise of options	10.a.(xi)	133,333	20,000
Cost of share issuances		-	(51,061)
Balance October 31, 2015		107,005,555	\$ 13,156,486

- i. During October 2014, the Company completed a private placement of 108,888 shares at a price of \$0.18 for proceeds of \$19,600 less the cost of issuance for a net cash flow of \$18,752.
- ii. During the year ended April 30, 2015, 500,000 stock options were exercised, for proceeds of \$75,000.

iSIGN Media Solutions Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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10. Share Capital – continued

- iii. During November 2014, the Company converted Notes payable and related interest into 9,566,094 shares and 9,566,094 warrants, at a price of \$0.24 for proceeds of \$1,530,575 (common share fair value of \$181,756 and warrant fair value of \$1,348,819) less the cost of issuance for a net cash flow of \$1,519,977.
- iv. During the year ended April 30, 2015, 181,516 warrants were exercised, for proceeds of \$54,455 and an ascribed value of \$39,389 (Note 10.d).
- v. During May 2015, the Company completed a private placement of 677,777 shares and 677,777 warrants, at a price of \$0.18, for proceeds of \$122,000 (common share fair value of \$31,856 and warrant fair value of \$90,144) less the cost of issuance for a net cash flow of \$120,140.
- vi. During June 2015, the Company completed a private placement of 500,000 shares and 500,000 warrants, at a price of \$0.20, for proceeds of \$100,000 (common share fair value of \$24,500 and warrant fair value of \$75,500) less the cost of issuance for a net cash flow of \$98,250.
- vii. During June 2015, the Company completed a private placement of 2,000,000 shares and 2,000,000 warrants, at a price of \$0.20, for proceeds of \$400,000 (common share fair value of \$50,200 and warrant fair value of \$349,800) less the cost of issuance for a net cash flow of \$368,750.
- viii. During July 2015, the Company issued 10,000,000 shares, valued at \$0.20 to complete the purchase of selected assets from Graphic Media, Inc. and Engage Mobile Media Solutions LLC, with a fair market value of \$2,000,000, with a cost of issuance of \$10,500 (Note 4).
- ix. During October 2015, the Company completed a private placement of 1,000,000 shares and 1,000,000 warrants, at a price of \$0.15, for proceeds of \$150,000 (common share fair value of \$47,000 and warrant fair value of \$103,000) less the cost of issuance for a net cash flow of \$148,000.
- x. During August 2015, the Company completed a shares for debt transaction with its Directors, wherein 1,774,814 shares were issued, at a price of \$0.135 in exchange for forgiveness of directors' fees totaling \$239,600.
- xi. During the six months ended October 31, 2015, 133,333 stock options were exercised for proceeds of \$20,000.

b. Compensation Based Options

On March 13, 2015, the shareholders of the Company ratified a Stock Option Plan (the "Plan") which is administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding common shares. The Plan is a rolling plan such that the number of shares reserved for issuance will increase as the Company's issued and outstanding common shares increases. Options granted under the Plan are exercisable for a period up to five years, as determined by the Board, from the date of the grant. The exercise price of the options shall be determined by the Board at the time of the grant, but shall not be less than the Discounted Market Price as set by the TSX Venture Exchange Policy 1.1 as amended from time to time. The options are subject to several vesting periods as outlined in the Plan.

The granting of options is subject to the following conditions: (a) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders; (b) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders or issued to insiders within any one year period; (c) not more than 5% of the issued and outstanding common shares may be granted to any one individual in a one year period; (d) not more than 2% of the issued and outstanding common shares may be granted to any one consultant in any one year period; and (e) not more than an aggregate 2% of the issued and outstanding issued and outstanding common shares may be granted to an employee conducting investor relations activities in any one year period.

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10. Share Capital – continued

c. Stock Options

A summary of the stock options outstanding and exercisable under the plan as of October 31, 2015 and April 30, 2015 and changes during the periods are as follows:

	[Notes]	Options	Weighted Price
Options outstanding at April 30, 2014		7,888,333	\$ 0.22
Granted		550,000	0.21
Exercised	10.a.(ii)	(500,000)	0.15
Cancelled		(948,333)	(0.26)
Options outstanding at April 30, 2015		6,990,000	\$ 0.22
Granted		1,750,000	0.26
Exercised	10.a.(xi)	(133,333)	0.15
Cancelled		(150,000)	(0.22)
Options outstanding at October 31, 2015		8,456,667	\$ 0.23
		Options	Weighted Price
Options exercisable at April 30, 2013		4,542,502	\$ 0.25
Vested during the period		2,762,502	0.21
Cancelled during the period		(948,333)	0.26
Exercised during the year	10.a.(ii)	(500,000)	0.15
Options exercisable at April 30, 2014		5,856,671	\$ 0.24
Vested during the period		1,299,999	0.24
Cancelled		(50,001)	0.22
Exercised during the period	10.a.(xi)	(133,333)	0.15
Options exercisable at October 31, 2015		6,973,336	\$ 0.24

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10. Share Capital – continued

c. Stock Options – continued

The following table summarizes additional disclosures on the stock options outstanding at October 31, 2015:

Exercise Price	Options Outstanding		Options Exercisable		Fair Value at Time of Issue Not yet Expired	Expensed to 31-Oct-15	Not Expensed at 31-Oct -15
	Number Outstanding	Remaining Average Life (Mths)	Number Outstanding	Remaining Average Life (Mths)			
\$ 0.250	125,000	5.0	125,000	5.0	\$ 29,875	\$ 29,875	\$ -
0.400	250,000	6.0	250,000	6.0	97,250	97,250	-
0.450	200,000	6.5	200,000	6.5	87,800	87,800	-
0.310	100,000	13.0	100,000	13.0	28,400	28,400	-
0.230	290,000	14.5	290,000	14.5	144,500	144,500	-
0.205	500,000	32.5	500,000	32.5	102,000	102,000	-
0.150	866,667	37.0	366,669	37.0	240,000	240,000	-
0.200	2,575,000	37.5	2,575,000	37.5	473,800	473,800	-
0.260	1,250,000	41.0	1,250,000	41.0	317,500	317,500	-
0.235	250,000	45.0	166,667	45.0	58,750	39,167	19,583
0.18	300,000	54.0	300,000	54.0	49,500	49,500	-
0.260	1,750,000	55.5	850,000	55.5	292,250	141,950	150,300
	8,456,667		6,973,336		\$ 1,921,625	\$ 1,751,742	\$ 169,883

During the six month period ended October 31, 2015 the Company recognized \$228,533 in stock-based compensation expense to directors, employees and consultants (October 31, 2014 - \$53,583) under general and administrative expenses. 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 assumptions: risk free interest rate 1.02% (October 31, 2014 – 1.52%); expected dividend yield of \$Nil (October 31, 2014 - \$Nil); estimated volatility of 115.3% (October 31, 2014 – 498.3%) and an expected option life of two and a half years (October 31, 2014 – two and a half years).

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10. Share Capital – continued

d. Warrants

	[Notes]	Warrants	
		Number	Amount
Balance April 30, 2014		19,566,215	\$ 2,991,942
Issuance in a private placement	10.a.(iii)	9,566,094	1,348,819
Exercise of warrants	10.a (iv)	(181,516)	(39,389)
Expiry of warrants	10.d.(i)	(5,848,666)	(960,950)
Balance April 30, 2015		23,102,127	\$ 3,340,422
Issuance in private placements	10.a.(v, vi, vii, ix)	4,177,777	618,444
Expiry of warrants	10.d.(ii)	(1,036,034)	(244,103)
Balance October 31, 2015		26,243,870	\$ 3,714,763

- i. During the year ended April 30, 2015, 5,848,666 warrants valued at \$960,950 expired without being exercised and were transferred to contributed surplus.
- ii. During the six months ended October 31, 2015, 1,036,034 warrants valued at \$244,103 expired without being exercised and were transferred to contributed surplus.

The following tables summarize information about stock warrants outstanding at October 31, 2015:

Issued	Number	Weighted Average Exercise Price	Expiry Date
Mar 23, 2012	3,000,000	\$ 0.50	Mar 23, 2017
Nov 7, 2013	9,499,999	0.45	Nov 7, 2017
Nov 11, 2014	9,566,094	0.24	Nov 11, 2016
May 11, 2015	677,777	0.27	May 11, 2017
June 3, 2015	500,000	0.30	June 3, 2017
June 5, 2015	2,000,000	0.30	June 5, 2017
Oct 6, 2015	1,000,000	0.225	Oct 6, 2017
Balance October 31, 2015	26,243,870	\$ 0.35	

Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (months)
3,000,000	\$ 0.50	16.5
9,499,999	0.45	24.0
9,566,094	0.24	12.5
677,777	0.27	18.5
2,500,000	0.30	19.0
1,000,000	0.30	23.0
26,243,870	\$ 0.35	

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11. Contributed Surplus

Contributed surplus resulted from the following:

	[Notes]	Amount
Balance at April 30, 2014		\$ 4,655,473
Amounts resulting from share-based compensation	10.c.	556,783
Ascribed value of exercised warrants	10.a (iv)	39,389
Ascribed value of expired warrants	10.d.(i)	960,950
Balance at April 30, 2015		\$ 6,212,595
Amounts resulting from share-based compensation	10.c.	228,533
Ascribed value of expired warrants	10.d.(ii)	244,103
Balance at October 31, 2015		\$ 6,685,231

12. Related Party Transactions and Balances

All related party transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by both parties. In the normal course of operations, the Company:

- i. Recorded the fees of the Chief Executive Officer to a company owned by him. During the six month period ended October 31, 2015, the Company expensed fees totaling \$90,000 (October 31, 2014 – \$90,000) and fixed allowances of \$8,880 (October 31, 2014 – \$8,100). During the six month period ended October 31, 2015, \$49,440 (October 31, 2014 - \$39,240) of these fees and expenses were capitalized to Data Development Costs and \$Nil (October 31, 2014 - \$9,810) were capitalized to Patents. The amount outstanding in trade accounts payable at October 31, 2015 was \$116,938 (October 31, 2014 - \$Nil). In the event of termination of this agreement for any reason other than just cause, a penalty of \$180,000 would be owing. In addition, the Company accrued a monthly salary directly to the CEO for his services in connection with its US operations based out of the Company's office in Florida USA of \$6,000 US per month amounting to \$46,115 Cdn. for the six months ended October 31, 2015 (October 31, 2015 - \$39,447 Cdn.). At October 31, 2015, \$149,275 Cdn. is unpaid and included in accounts payable and accrued liabilities (October 31, 2014 - \$100,615 Cdn.).
- ii. Recorded the fees of the Chief Financial Officer to a company controlled by him. During the six month period ended October 31, 2015, the Company expensed fees totaling \$18,000 (October 31, 2014 - \$18,000). The amount outstanding in trade accounts payable at October 31, 2015 was \$33,900 (October 31, 2014 - \$Nil).
- iii. On February 24, 2014, the Company entered into a secured \$250,000 note with Korona Group Ltd., a shareholder of the Company at an interest rate of 8% due and payable May 30, 2014. In June and July 2014, the same lender advanced an additional \$100,000, under the same terms and conditions. As of July 25, 2014, accrued interest on the outstanding balance of \$350,000 was \$8,636. Further, the lender advanced an additional \$241,364 on July 25, 2014. The Company signed a new demand promissory note payable to Korona Group Ltd. in the amount of \$600,000 that would constitute full payment of the initial advances and interest. This note carried interest at 8%, convertible for three months from the date of issue into units consisting of one common share of the company and one common share purchase warrant (Note 8).

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12. Related Party Transactions and Balances - continued

- iii. On July 25, 2014, the Company issued demand promissory notes in the amount of \$650,000 and \$250,000, at an interest rate of 8%, convertible for three months from the date of issue into units consisting of one common share of the company and one common share purchase warrant.

On November 11, 2014, at the option of the lenders, the Company converted these three notes and the accrued interest of \$30,575 into units consisting of one common share priced at \$0.16 per share and one common share purchase warrant, exercisable into one common share of the Company at an exercise price of \$0.24 per share for a period of two years (Note 10.a.(iii)).

On March 13, 2015, the Company entered into a secured \$100,000 note with Korona Group Ltd., at an interest rate of 8% compounded monthly, due and payable July 30, 2015 (Note 8).

On June 15, 2015, the Company repaid \$40,000 to the note holder. The Company and the note holder agreed to extend the Note to January 31, 2016 (Note 8).

- iv. On May 7, 2015, the Company issued a secured convertible promissory note in the amount of \$360,000, due May 7, 2016 and bearing an interest rate of 10%, to a company controlled by two shareholders, both of whom are considered to be insiders of the Company due to ownership in excess of 10% of the common shares of the Company (Note 9).
- v. During the six months ended October 31, 2015, the Company accrued and expensed directors fees of \$84,000 (October 31, 2014 – \$100,000). Included in accounts payable and accrued liabilities are unpaid directors fees at October 31, 2015 of \$84,900 (October 31, 2014 – \$138,380).
- vi. Contracted with QDAC Inc., a company under the significant influence of an insider of the Company, to undertake technology development. During the six month period ended October 31, 2015, development costs of \$Nil (October 31, 2014 – \$39,000) were capitalized to Technology Development Costs. The Company also contracted with QDAC Inc., to undertake the manufacture of the Company's hardware. During the six month period ended October 31, 2015, the Company took delivery of Smart Antenna inventory valued at \$Nil (October 31, 2014 - \$950,650). The amount outstanding in trade accounts payable at October 31, 2015 was \$429,785 (October 31, 2014 - \$709,046).
- vii. Incurred share-based non-cash compensation costs relating to the vesting of granted stock options to the Board. During the three month period ended October 31, 2015, the Company expensed \$104,375 (October 31, 2014 - \$Nil).
- viii. On August 25, 2015, the Company issued 1,774,814 common shares to the Board in exchange for debt forgiveness of Directors' fees totaling \$239,600.
- ix. Compensation of key management personnel and board of directors for the six months ended October 31, 2015 and 2014:

	2015	2014
Wages and director fees	\$ 220,115	\$ 334,447
Benefits	9,880	8,100
Share based compensation (non-cash)	228,533	53,583
	\$ 458,528	\$ 396,130

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13. Loss per Share

Basic loss per share is calculated on the basis of the weighted average number of common shares outstanding for the period, which, for the six month period ended October 31, 2015, amounted to 95,367,327 (October 31, 2014 – 79,395,120). For the periods presented, all stock options and warrants are anti-dilutive; therefore, diluted loss per share is equal to the basic loss per share.

The following instruments have been excluded from the diluted earnings per share as these instruments are anti-dilutive:

	For the six months ended October 31	
	2015	2014
Stock options	8,456,667	7,613,333
Warrants	26,243,870	19,384,699
	34,700,537	26,998,032

14. Financial Instruments and Risk Management

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. When the independent prices are not available, fair values are determined using valuation techniques that refer to observable market data.

These techniques include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, and other valuation techniques commonly used by market participants

Fair value

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

- i. The carrying amounts of cash, restricted cash, accounts receivable, other receivables, bank indebtedness, accounts payable and accrued liabilities and note payable approximate fair value due to the short-term maturity of these financial instruments.
- ii. Cash and restricted cash have been valued using a level 1 fair value hierarchy. The Company's other financial instruments are level 2 in the fair value hierarchy.

Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations in accordance with the terms and conditions of its contract with the Company. Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables.

The Company's credit risk arises primarily from the Company's trade receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company. The Company's exposure to trade credit risk as at October 31, 2015 was \$6,376 (April 30, 2015 - \$5,606) net of allowances.

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14. Financial Instruments and Risk Management – continued

Credit risk - continued

The Company may also have credit risk relating to cash and restricted cash, of \$82,689 and \$10,000 (April 30, 2015 - \$6,443 and \$17,000), respectively, which it manages by dealing with highly rated financial institutions

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting its obligations that are associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet financial obligations when they fall due, from its funding sources, such as equity and debt issuances. The Company continues to actively pursue new equity financing to ensure that it will have funds available to meet liabilities when they fall due. The following table represents the Company's financial liabilities identified by type and future contractual dates of payment:

	Total	Under 1 Year	1 – 3 Years	After 3 Years
Trade accounts payable and accrued liabilities	\$ 1,411,515	\$ 1,411,515	\$ -	\$ -
Note payable	60,000	60,000	-	-
Convertible note	360,000	360,000	-	-
Asset retirement obligations	99,400	99,400		
	\$ 1,930,915	\$ 1,930,915	\$ -	\$ -

15. Commitments and Contingencies

Rental and operating leases

The Company currently has lease arrangements for the rental of its offices in Richmond Hill, Ontario, Canada and Clearwater, Florida, United States and a vehicle. The minimum annual lease payments under annual rental and operating leases exclusive of operating costs are as follows:

	Amount
Fiscal 2016	\$ 31,848
Fiscal 2017	36,256
Fiscal 2018	12,762
	\$ 80,866

Contingencies and provisions

From time to time, the Company enters into software licensing agreements with a client/business partners whereby the Company has agreed to indemnify the counterparties for liabilities that may arise during the terms of the agreements. The maximum amount of any potential future payment cannot be reasonably estimated and it is not practicable to estimate the financial effects on its consolidated financial statements.

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15. Commitments and Contingencies - continued

Contingencies and provisions - continued

In the ordinary course of business, the Company and its subsidiaries are involved in legal claims and counter claims, as defendants or plaintiffs. The Company has evaluated its legal actions and has estimated potential settlements and legal costs based on the current information and have accrued a provision based on management's estimate of potential outcomes. It is management's opinion that any additional liability to the Company that may arise from these matters will not have a material effect upon the operating results, financial position or cash flows of the Company.

In the ordinary course of business, the Company estimates provisions for future obligations to install equipment that has no scheduled installation date.

16. Net Change in Non-Cash Working Capital

	For the six month period ended October 31	
	2015	2014
Net change in non-cash working capital balances:		
Restricted cash	\$ 7,000	\$ -
Accounts receivable	(770)	(15,305)
Other receivable	896	7,295
Sales taxes recoverable	(7,317)	113,747
Inventories	3,540	(948,097)
Prepaid expenses and deposits	3,531	53,733
Accounts payable and accrued liabilities	(488,190)	457,644
Deferred revenue	(27,838)	(44,641)
	<u>\$ (509,148)</u>	<u>\$ (375,624)</u>

17. Selling and Marketing

	For the six month period ended October 31			
	2015		2014	
Travel, tradeshow and promotional	\$ 4,983	91.2%	\$ -	-
Third party commissions	-	-	26,025	88.4%
Contractual services	-	-	3,000	10.2%
Other	482	8.8%	421	1.4%
	<u>\$ 5,465</u>		<u>\$ 29,446</u>	
Total - Selling and marketing	100.0%		100.0%	

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18. General and Administration

For the six month period ended October 31				
	2015		2014	
Salaries	\$ 27,868	4.4%	\$ 41,290	6.8%
Benefits	2,621	0.4%	4,273	0.7%
Contractual services	134,868	21.4%	120,572	20.0%
Share-based compensation	228,533	36.3%	53,583	8.9%
Travel and auto	5,684	0.9%	6,098	1.0%
Office costs	31,142	5.0%	35,237	5.8%
Occupancy and operating costs	26,054	4.1%	28,557	4.7%
Professional	64,837	10.3%	112,780	18.7%
Consulting	23,020	3.7%	72,713	12.0%
Directors' fees	84,000	13.4%	100,000	16.6%
Other income	866	0.1%	29,085	4.8%
Total - General and administration	\$ 629,493	100.0	\$ 604,188	100.0%

19. Capital Management

The Company has adopted a financial concept of capital whereby capital is considered to be synonymous with the net assets or equity of the Company. When managing its capital the Company seeks to ensure it has sufficient liquidity to pursue its strategy for organic growth in combination with strategic acquisitions, in order to provide competitive returns for its shareholders.

The total of its shareholders' equity was as follows:

As at October 31, 2015	As at April 30, 2015
\$ 4,376,011	\$ 1,844,775

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, convertible debentures, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business, which may include various acquisition proposals, as well as capital and operating budgets. The Company is not subject to any externally imposed capital requirements.