

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For

ACKROO INC.
(THE "COMPANY" OR ACKROO)

As at and for the three-month period ended MARCH 31, 2015 (unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Management of ACKROO is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

ACKROO INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(UNAUDITED – PREPARED BY MANAGEMENT)

(Expressed in Canadian Dollars except for number of shares)

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u> <u>(Audited)</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 390,249	\$ 336,158
Accounts receivable (note 5)	263,464	173,099
Inventory	28,958	29,892
Prepaid expenses and other assets	<u>44,345</u>	<u>79,983</u>
	<u>727,016</u>	<u>619,132</u>
NON-CURRENT ASSETS		
Intangible assets (notes 7 and 8)	123,664	-
Goodwill (note 8)	24,587	-
Property and equipment (note 9)	<u>32,326</u>	<u>31,904</u>
	<u>180,577</u>	<u>31,904</u>
	<u>\$ 907,593</u>	<u>\$ 651,036</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	218,460	363,618
Advances from subscriptions	-	590,460
Current portion of finance lease obligations (note 11)	2,041	4,254
Current portion of deferred revenue	109,438	95,487
Current portion of long-term debt (note 10)	<u>28,457</u>	<u>76,000</u>
	358,396	1,129,819
DEFERRED REVENUE	3,750	10,500
LONG-TERM DEBT (note 10)	<u>29,000</u>	<u>29,000</u>
	<u>391,146</u>	<u>1,169,319</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 12)	8,346,721	8,346,721
Agent options (note 12)	97,600	97,600
Warrants (note 12)	2,846,885	1,600,600
Contributed surplus (note 12)	1,757,019	1,554,371
Deficit	<u>(12,531,778)</u>	<u>(12,117,575)</u>
	<u>516,447</u>	<u>(518,283)</u>
	<u>\$ 907,593</u>	<u>\$ 651,036</u>

Approved by the Board:

..... STEVE LEVELY Director

.....JOHN CHAPMAN Director

(See accompanying notes)

ACKROO INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED – PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars except for number of shares)

	<u>Common shares</u>		<u>Agent</u>		<u>Contributed</u>	<u>Accumulated</u>	
	<u>Number</u>	<u>Amount</u>	<u>Options</u>	<u>Warrants</u>	<u>Surplus</u>	<u>deficit</u>	<u>Total</u>
Balance at December 31, 2013	5,714,412 ¹	\$ 7,716,483	\$ 97,600	\$ 1,315,900	\$ 1,288,801	\$ (9,307,283)	\$ 1,111,501
Shares subscribed for cash	1,177,367	\$ 630,238		\$ 284,700			\$ 914,938
Share-based compensation	-	-	-	-	\$ 265,570	-	\$ 265,570
Share consolidation adjustment	(119)						
Comprehensive loss	-	-	-	-	-	\$ (2,810,292)	\$ (2,810,292)
Balance at December 31, 2014	6,891,660	\$ 8,346,721	\$ 97,600	\$ 1,600,600	\$ 1,554,371	\$ (12,117,575)	\$ (518,283)
Shares subscribed for cash	8,364,165			1,246,285			\$ 1,246,285
Share-based compensation	-	-	-	-	\$ 202,648	-	\$ 202,648
Comprehensive loss	-	-	-	-	-	\$ (414,203)	\$ (414,203)
Balance at March 31, 2015	15,255,825	\$ 8,346,721	\$ 97,600	\$ 2,846,885	\$ 1,757,019	\$ (12,531,778)	\$ 516,447

¹ Adjusted to give effect to the 1 for 10 share exchange

(See accompanying notes)

ACKROO INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED – PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Sales		
Subscription and service	\$ 214,206	\$ 266,355
Product	170,932	103,906
	385,138	370,261
Cost of sales		
Subscription and service	39,160	60,776
Product	97,981	28,800
	137,141	89,576
Gross profit	247,997	280,685
Expenses		
Administration	317,996	379,176
Research and development costs	130,501	217,237
Sales and marketing	6,643	260,508
Share-based compensation expense (Note 11)	202,648	138,569
Amortization of intangible assets	7,274	70,308
Amortization of property and equipment	3,023	13,043
Foreign exchange loss	(7,884)	(1,308)
Investment tax credits and non-refundable grants	-	(9,301)
	660,201	1,068,233
Loss before the following items	(412,204)	(787,549)
Interest income	318	495
Interest expense	(2,317)	(3,559)
	(1,999)	(3,064)
Comprehensive loss	\$ (414,203)	\$ (790,613)
Basic and diluted loss per share	\$ (0.03)	\$ (0.10)
Weighted average number of common shares outstanding		
Basic and diluted	13,006,437	5,955,707

(See accompanying notes)

ACKROO INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED – PREPARED BY MANAGEMENT)

(Expressed in Canadian Dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES		
Comprehensive loss	\$ (414,203)	\$ (790,613)
Items not affecting cash:		
Amortization of property and equipment	3,023	13,043
Amortization of intangible assets	7,274	70,308
Amortization of leasehold inducement	-	(5,586)
Share-based compensation	202,648	138,569
	(201,258)	(574,279)
Changes in non-cash working capital items:		
Accounts receivable	(90,365)	74,432
Prepaid expenses	35,638	(47,965)
Inventory	934	-
Accounts payable and accrued liabilities	(145,158)	(48,011)
Deferred revenue	7,201	4,613
	(393,008)	(591,208)
CASH FLOWS PROVIDED BY /(USED IN) INVESTING ACTIVITIES		
Addition to property and equipment	(1,470)	(5,590)
Addition to intangible asset	(7,500)	-
	(8,970)	-
CASH FLOWS PROVIDED BY /(USED IN) FINANCING ACTIVITIES		
Repayment of bank indebtedness	-	(75,000)
Net advances (repayment) of loans payable	-	(1,786)
Repayments of long-term debt - net	(47,543)	-
Repayments of capital lease obligations	(2,213)	(2,213)
Issuance of capital stock	1,096,285	527,167
Advances from subscriptions	(590,460)	-
	456,069	448,168
INCREASE IN CASH AND CASH EQUIVALENTS	54,091	(148,630)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	336,158	250,363
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 390,249	\$ 101,733

(See accompanying notes)

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QUARTERS ENDED MARCH 31, 2015 AND 2014

1. NATURE OF OPERATIONS

Ackroo Inc. ("Ackroo" or the "Company") is a public company and its shares are listed on the TSX Venture Exchange (TSX-V:AKR). The Company is incorporated under the Canada Business Corporations Act. The Company's head office is located at 62 Steacie Drive, Suite 201, Ottawa, Ontario, Canada. The Company develops and sells an online loyalty and rewards platform that enables businesses to design and execute customer transaction, engagement and retention strategies.

2. GOING CONCERN

These condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date the Company has incurred an accumulated loss of \$12,531,778 and negative cash flow from operations as the Company invests in the commercialization of its loyalty rewards product and service offering. This raises doubt about the ability of the Company to continue as a going concern. The Company has raised equity to fund the commercialization activities and product enhancements. The Company expects that the investment it has made in 2013 and 2014 in its sales and marketing programs will result in a significant increase in revenue. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue sufficient to fund its cash flow needs. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

The condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these condensed consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the statement of Financial position. Such differences in amounts could be material.

3. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting, using accounting policies that the Company adopted in its consolidated financial statements as at and for the year ended December 31, 2014.

The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2014, which are available on www.sedar.com.

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries Ackroo Canada Inc. and Ackroo Corporation. All significant intercompany transactions have been eliminated.

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on April 29, 2015.

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

4, SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except that derivative financial instruments are stated at their fair value.

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited financial statements as at and for the year ended December 31, 2014 which is available at www.sedar.com, and reflect all adjustments necessary for fair presentation in accordance with IAS 34.

The condensed consolidated interim financial statements should be read in conjunction with the December 31, 2014 audited consolidated financial statements.

5. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, finance lease obligations and long-term debt. Unless otherwise noted, the carrying values of these financial instruments as presented in the condensed consolidated interim statement of financial position reasonably approximate their fair values, due to their short-term nature or their terms and conditions approximate market rates.

The Company's financial instruments have been classified as follows:

Cash and cash equivalents	fair value through profit or loss
Accounts receivable	loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Finance lease obligations and long-term debt	

Risk Management

The Company's activities expose it to a variety of financial risks including market risk (i.e. currency risk, interest rate risk), credit and liquidity risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in the market value.

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's capital leases and long term debt bear interest at fixed rate. Bank indebtedness is based on market rates plus a fixed percentage and represents some risk. As a whole,, the Company's exposure to interest rate risk is minimal.

Currency risk

The Company transacts primarily in Canadian dollars and is not exposed to significant currency risk.

(b) Credit risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Company's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents and accounts receivable. The Company's cash and cash equivalents are deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the credit risk on its accounts receivable is limited as the amounts are expected to be collected in the Company's next operating cycle.

The balances at March 31, 2015 are as follows:

	Amounts due	Collected within 25 days of period end	Remaining overdue balance
1 - 30 days due	\$ 155,986	\$ 105,957	\$ 50,029
31 - 60 days due	92,281	92,231	50
61 - 90 days due	11,384	-	11,384
Greater than 90 days past due	3,813	3,785	28
	<u>\$ 263,464</u>	<u>\$ 201,973</u>	<u>\$ 61,491</u>

The balances at December 31, 2014 are as follows:

	Amounts due	Collected within 30 days of period end	Remaining overdue balance
1 - 30 days due	\$ 111,497	\$ 98,290	\$ 13,207
31 - 60 days due	34,116	34,116	-
61 - 90 days due	537	-	537
Greater than 90 days past due	26,949	7,154	19,795
	<u>\$ 173,099</u>	<u>\$ 139,560</u>	<u>\$ 33,539</u>

The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients, a review of outstanding amounts and maintains provisions

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

for estimated uncollectible accounts. During the period ended March 31, 2015, one customer comprised 27% of the Company's trade accounts receivables and 31% of revenue.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's management believes its existing working capital coupled with the cash that will be generated from its operations will enable the Company to meet its financial obligations and additional financing will be required. Note 2 Going Concern discloses liquidity risk and management's plans.

6. BUSINESS COMBINATION

Effective January 20, 2015, the Company acquired certain assets of Gift2Gift Corp., a company incorporated under the federal laws of Canada, for a purchase price of \$150,000. The purchase price was net settled by the Company issuing 1,000,000 common shares and 1,000,000 warrants in accordance with the private placement completed on January 20, 2015. The acquisition was accounted for as a business combination.

Fair value of assets acquired were:

Computer Equipment	\$	1,975
Customer Contracts		43,827
Intellectual property		79,611
Goodwill arising on acquisition		<u>24,587</u>
		<u>150,000</u>

7. INTANGIBLE ASSETS

The Company's amortized intangible assets consist of the following:

	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Intellectual property	\$ 87,111	\$ 4,840	\$ 1,175,334	\$ 1,175,334
Customer contracts	<u>43,827</u>	<u>2,435</u>	<u>138,500</u>	<u>138,500</u>
	130,938	<u>\$ 7,274</u>	1,313,834	<u>\$ 1,313,834</u>
Accumulated amortization	7,274		1,313,834	
	<u>\$ 123,664</u>		<u>\$ -</u>	

The intangible assets were recorded as a result of the business combination disclosed in note 6.

As of March 31, 2015, the remaining amortization period for the intellectual property and customer contracts is 34 months.

During the three month period ended March 31, 2015, amortization expense for intellectual property amounted to \$4,840 and amortization of customer contracts amounted to \$2,435.

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

8. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES

The goodwill and intangible assets were recorded as a result of a business combination disclosed in note 6 and are related to one cash-generating unit, PhotoGiftCard. The recoverable amount of the recorded goodwill and intangibles assets was based on the value in use calculation using cash flow projections from financial budgets approved by senior management for 2015 and 2016 and estimates for the period through the remaining useful life to the beginning of 2018. The pre-tax discount rate applied to the cash flows was 20% with growth rates for 2016 and 2017 in excess of 10%. Both the discount and growth rates are the key assumptions used in the value in use calculation. Reductions in the growth rate budgeted for 2015 through to 2017 could cause the carrying value to exceed the recoverable amount.

9. PROPERTY AND EQUIPMENT

Cost	Computer equipment under capital lease	Computer equipment	Leasehold improvements	Furniture	Total
As at December 31, 2013	26,548	14,904	235,880	16,888	294,220
Additions	-	11,976	-	-	11,976
Write-off	-	-	(235,880)	-	(235,880)
As at December 31, 2014	26,548	26,880	-	16,888	70,316
Additions	-	3,445	-	-	3,445
Disposals	-	-	-	-	-
As at March 31, 2015	26,548	30,325	-	16,888	73,761

Accumulated Amortization	Computer equipment under capital lease	Computer equipment	Leasehold improvements	Furniture	Total
As at December 31, 2013	16,446	5,979	21,823	1,689	45,937
Amortization	4,546	6,712	30,889	3,040	45,187
Disposals	-	-	(52,712)	-	(52,712)
As at December 31, 2014	\$ 20,992	\$ 12,691	\$ -	\$ 4,729	\$ 38,412
Amortization	2,415	-	-	608	3,023
Disposals	-	-	-	-	-
As at March 31, 2015	\$ 23,407	\$ 12,691	\$ -	\$ 5,337	\$ 41,435

Net book value	Computer equipment under capital lease	Computer equipment	Leasehold improvements	Furniture	Total
As at December 31, 2013	\$ 10,102	\$ 8,925	\$ 214,057	\$ 15,199	\$ 248,283
As at December 31, 2014	\$ 5,556	\$ 14,189	\$ -	\$ 12,159	\$ 31,904
As at March 31, 2015	\$ 3,141	\$ 17,634	\$ -	\$ 11,551	\$ 32,326

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

10. LONG-TERM DEBT

During 2014, the Company renegotiated the terms of their office lease with the prior debt amount exchanged for a new loan. The new loan is unsecured, bears interest at approximately 8% per annum, payable monthly in blended principal and interest of \$3,000.

Principal repayments over the next five years are estimated to be as follows:

2015	\$	28,457
2016		29,000

11. FINANCE LEASE OBLIGATIONS

Future lease payments under capital lease are as follows:

	March 31, 2015	December 31, 2014 Audited
2014	\$ -	\$ -
2015	2,126	4,824
	2,126	4,824
Less amount representing deemed interest at 25%	85	570
Balance of obligation	2,041	4,254
Current portion	2,041	4,254
Long-term portion	\$ -	\$ -

12. CAPITAL STOCK

(a) Issued and outstanding

As at March 31, 2015 the Company had 15,255,825 common shares issued and outstanding (December 31, 2014 – 6,891,660).

On January 20, 2015, the Company closed a private placement for net proceeds of \$1,246,285. The offering was oversubscribed. The Company issued 8,364,165 units to subscribers at a price of \$0.15 per unit, each unit consisting of one common share and one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.25 per share for a period of 12 months. No finder's fees or commissions were paid in connection with the closing of the private placement.

(b) Escrow Shares

On October 1, 2012 the Company completed the acquisition of MoneyBar and issued 4,585,679 common shares of which 3,048,538 were placed in escrow. These were in addition to 57,101 common shares which were held in escrow prior to the acquisition of MoneyBar.

As at March 31, 2015, 1,549,733 common shares remained in escrow. (March 31, 2014 – 2,351,534 shares)

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

(c) Outstanding Warrants

In connection with the January 20, 2015 private placement, 8,364,165 share units which entitled the holder to receive one common share and one subscription warrant for each share unit. Each subscription warrant entitles the holder to acquire one common share at an exercise price of \$0.25 per share until January 20, 2016. The Company determined the fair value of the subscription warrant and allocate the residual value to the common shares.

During the year ended December 31, 2014, in connection with private placements, the Company issued 588,683 subscription warrants to acquire one common share at exercise price between \$1.00 and \$2.20 per share expiring between January 31, 2015 and July 15, 2015. Ackroo issued 67,073 warrants to agents and finders who provided assistance in connection with the private placement completed by the Company. Each agent warrant entitles the holder to acquire one common share at exercise price between \$1.00 and \$2.20 per share expiring between January 31, 2015 and July 15, 2015. The Company determined the fair value of the warrants and allocated the residual value to the common shares.

In connection with a private placement immediately before the completion of the reverse takeover in 2012, the Company issued 784,148 share units which entitled the holder to receive one common share and one subscription warrant for each share unit. Each subscription warrant entitles the holder to acquire one common share at an exercise price of \$7.00 per share until October 1, 2015. The Company determined the fair value of the subscription warrant and allocated the residual value to the common shares.

A summary of the Company's warrant activity is as follows:

	Number of warrants
Balance at December 31, 2013	845,270
Warrants expired	(61,123)
Warrants exercised	-
Agent warrants issued	-
Subscriptions warrants issued	655,757
Balance at December 31, 2014	1,439,904
Warrants expired	(209,507)
Warrants exercised	-
Agent warrants issued	-
Subscriptions warrants issued	8,364,165
Balance at March 31, 2015	9,594,562

The fair value of the subscription warrants issued in 2015 totaled \$1,246,285. The fair value was calculated using the Black-Scholes model using 0.87% risk-free interest rate, 217% volatility, 12 month expected life and 0% dividend yield.

(d) Stock options

Under the terms of Ackroo, approved Stock Option Plan (ESOP) the the Board of Directors of Ackroo may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of Ackroo options to purchase Ackroo Shares, provided that the number

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

of Ackroo Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Ackroo Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is engaged in investor relations activities or is a consultant.

Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis. There are currently 15,255,825 Ackroo Shares outstanding, which means that up to 1,525,583 Ackroo Shares could be reserved for issuance upon the exercise of stock options.

Options are exercisable over periods of up to ten years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Ackroo Shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the Exchange. Options held by an officer, director or service provider (not conducting investor relations) expire 90 days after the option holder has left office or the service provider ceases providing services, and for options held by service providers conducting investor relations, 30 days after Ackroo terminates that relationship. In the case of the death of an employee, officer, director or other service provider, the option may be exercised by a personal representative or heir until the earlier of the option's expiry or one year after the option holder died.

Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the grant of options to directors, officers, employees and consultants of Ackroo or employees of companies providing management or consulting services to Ackroo. Other than options granted to consultants performing investor relation's activities, which must vest in stages over 12 months with no more than one-quarter of the options vesting in any three-month period, the Stock Option Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2012	567,441	\$4.20
Expired/Cancelled	(481,648)	\$4.20
Granted	479,110	\$2.00
Balance, December 31, 2013	564,903	\$2.50
Expired/Cancelled	(562,457)	2.78
Granted	353,416	0.87
Balance, December 31, 2014	355,862	\$1.18
Expired/Cancelled	(289,292)	0.92
Granted	935,000	0.21
Balance, March 31, 2015	1,001,570	\$0.35

Effective January 19, 2015, the Company cancelled 256,903 existing stock options. The 256,903 cancelled options were replaced by issuance of 935,000 new options with exercise price of \$0.21 per share, expire in three years and vest immediately.

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

At March 31, 2015, a summary of stock options outstanding and exercisable are as follows:

<u>Grant Date</u>	<u>Number of Options outstanding</u>	<u>Number of Options Exercisable</u>	<u>Exercise Price</u>	<u>Expiry date</u>	<u>Remaining contractual life (years)</u>
October 1, 2012	21,571	21,571	\$1.00	October 1, 2017	2.51
October 4, 2012	25,000	21,970	\$4.50	October 4, 2022	7.52
July 15, 2014	19,999	4,444	\$1.00	July 15, 2024	9.30
January 19, 2015	935,000	935,000	\$0.21	January 19, 2018	2.81
March 31, 2015	1,001,570	982,985	\$0.35		3.05

The fair value of options granted during 2015 was estimated using the Black-Scholes option pricing model with the following assumptions:

<u>Grant Date</u>	<u>Granted</u>	<u>Stock Price</u>	<u>Exercise Price</u>	<u>Expected Life</u>	<u>Volatility</u>	<u>Dividend Rate</u>	<u>Risk Free Rate</u>	<u>Fair Value</u>
January 19, 2015	935,000	0.21	0.21	3	258%	0.0%	0.87%	\$ 202,648

13. OTHER INFORMATION

a. Commitments

The Company rents premises under operating leases which expire between 2015 and 2018. In addition, the Company leases equipment under operating leases which expire between 2015 and 2016. Annual minimum lease payments to maturity will be approximately as follows:

2015	30,975
2016	41,300
2017	41,300
2018	6,883

Lease payments recognized as an expense during the three-month periods ended March 31, 2015 and March 31, 2014 were \$35,962 and \$35,797 respectively.

b. Compensation of key management personnel

The remuneration of key management personnel of the Company during the three-month period ended March 31, 2015 and March 31, 2014 was as follows:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Salaries, incentives and other short-term benefits	\$ 114,650	\$ 111,239
Share based compensation	\$ 150,857	\$ 77,560

ACKROO INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

QUARTERS ENDED MARCH 31, 2015 AND 2014

c. Related party transactions

An officer and director of the Company had an on-going agreement to provide consulting services. Total expense recorded in the quarter ended March 31, 2015 amounted to \$NIL and in the quarter ended March 31, 2014 amounted to \$30,000. There were no unpaid amounts as at March 31, 2014 and March 31, 2015.

An officer of the Company had an on-going consulting agreement to provide marketing consulting services. Total expense recorded in the quarter ended March 31, 2015 amounted to \$NIL and in the quarter ended March 31, 2014 amounted to \$22,500. There were no unpaid amounts as at March 31, 2015 and March 31, 2014.

On December 30, 2011, the company entered into a service agreement and a license agreement with MoneyBar Transactions Canada Inc. ("MTC") whereby the company will provide services and deliverables as reasonably requested by MTC to assist MTC in performing its obligations under the joint venture agreement between MTC and Kennerly Edwards Consulting Inc. In return for the provision of the services and the development of deliverables, MTC shall pay to the company all net revenues received by MTC and/or its affiliates from its and/or their participation in the joint venture. For the quarter ended March 31, 2015, the company recognized \$6,225 of revenue for the services and deliverables, of which \$2,345 is unpaid and included in accounts receivable as of March 31, 2015. For the quarter ended March 31, 2014, the company recognized \$15,336 of revenue for the services and deliverables, of which \$15,336 being unpaid and included in accounts receivable as of March 31, 2014. A shareholder of the Company is the principal shareholder and sole director of MTC.

The Company has an agreement with a company that has an officer who is a consultant of the Company to provide legal services. Total expense recorded in the quarter ended March 31, 2015 amounted to \$19,002. There were no unpaid amounts at March 31, 2015. Total expense recorded in the quarter ended March 31, 2014 amounted to \$13,203 and no unpaid amounts at March 31, 2014.

d. Segmented information

The Company has not established discrete operating or geographic segments as of the date of filing. Financial information is only available at the total company level and is not segmented. Management makes decision at a total company level. Less than 10% of reported revenue is derived outside of Canada and at the time of filing geographic areas outside of Canada are not managed separately.