

# **RIWI CORP.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the Six Months Ended June 30, 2015**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

# RIWI CORP.

## Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

	June 30, 2015	December 31, 2014
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 504,034	\$ 814,347
Accounts receivable (note 5)	78,304	47,612
	<b>582,338</b>	861,959
Property, plant and equipment (note 6)	4,605	4,605
Intangible assets (note 7)	25,423	25,423
	<b>\$ 612,366</b>	<b>\$ 891,987</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 24,058	\$ 50,279
Unearned revenue	-	23,202
	<b>24,058</b>	<b>73,481</b>
<b>Shareholders' equity</b>		
Capital stock (note 8)	2,390,553	2,390,553
Contributed surplus	496,081	274,755
Deficit	(2,298,326)	(1,846,802)
	<b>588,308</b>	<b>818,506</b>
	<b>\$ 612,366</b>	<b>\$ 891,987</b>

Nature and continuance of operations (note 1)

Approved on behalf of the board of directors

/s/ Neil Seeman

Neil Seeman

/s/ Robert Pirooz

Robert Pirooz

See accompanying notes to the condensed interim financial statements

# RIWI CORP.

## Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
<b>Sales</b>	<b>\$ 74,604</b>	\$ 203,657	<b>\$ 354,468</b>	\$ 216,359
<b>Costs and expense</b>				
Technology costs	90,348	71,504	193,129	181,127
Sales and marketing	15,896	10,616	23,074	29,408
General and administrative (notes 10 and 11)	222,066	157,201	591,177	308,356
<b>Total costs and expenses</b>	<b>328,310</b>	239,321	<b>807,380</b>	518,891
<b>Results from operating activities</b>	<b>(253,706)</b>	(35,664)	<b>(452,912)</b>	(302,532)
Interest income	569	-	1,388	4,443
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (253,137)</b>	\$ (35,664)	<b>\$ (451,524)</b>	\$ (298,089)
Net loss per share				
Basic and fully diluted	\$ (0.02)	\$ (0.00)	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding	14,827,148	14,827,148	14,827,148	14,827,148

The accompanying notes are an integral part of these condensed interim financial statements.

# RIWI CORP.

## Condensed Interim Statement of Cash Flows

(Expressed in Canadian Dollars)

(unaudited)

	<b>Six months ended June 30, 2015</b>	Six months ended June 30, 2014
<b>Operating activities</b>		
Net loss for the period	\$ (451,524)	\$ (298,089)
Items not involving cash		
Warrant reserve	19,941	-
Stock based payment reserve	201,385	49,636
	<b>(230,198)</b>	<b>(248,453)</b>
Changes in non-cash operating working capital		
Accounts receivable	(30,692)	75,809
Accounts payable and accrued liabilities	(26,221)	(25,147)
Unearned revenue	(23,202)	-
	<b>(310,313)</b>	<b>(197,791)</b>
<b>Investing activities</b>		
Intangible assets	-	(2,806)
Purchase property, plant and equipment	-	(1,758)
	-	(4,564)
<b>Change in cash during the period</b>	<b>(310,313)</b>	<b>(202,355)</b>
Cash at beginning of the period	814,347	1,422,384
<b>Cash at end of the period</b>	<b>\$ 504,034</b>	<b>\$ 1,220,029</b>

The accompanying notes are an integral part of these condensed interim financial statements.

# RIWI CORP.

## Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

(unaudited)

	Share Capital		Contributed Surplus					Total Equity
	Number (Note 8)	Amount (Note 8)	Stock Based Payment Reserve	Warrant Reserve	Total Reserves	Deficit		
<b>Balance at December 31, 2013</b>	14,827,148	\$ 2,390,553	\$ 175,481	\$ -	\$ 175,481	\$ (1,052,886)	\$ 1,513,148	
Stock based compensation	-	-	49,636	-	49,636	-	49,636	
Net loss and comprehensive loss for the period	-	-	-	-	-	(298,089)	(298,089)	
<b>Balance at June 30, 2014</b>	<b>14,827,148</b>	<b>\$ 2,390,553</b>	<b>\$ 225,117</b>	<b>\$ -</b>	<b>\$ 225,117</b>	<b>\$ (1,350,975)</b>	<b>\$ 1,264,695</b>	
<b>Balance at December 31, 2014</b>	14,827,148	\$ 2,390,553	\$ 274,755	\$ -	\$ 274,755	\$ (1,846,802)	\$ 818,506	
Stock based compensation	-	-	201,385	19,941	221,326	-	221,326	
Net loss and comprehensive loss for the period	-	-	-	-	-	(451,524)	(451,524)	
<b>Balance at June 30, 2015</b>	<b>14,827,148</b>	<b>\$ 2,390,553</b>	<b>\$ 476,140</b>	<b>\$ 19,941</b>	<b>\$ 496,081</b>	<b>\$ (2,298,326)</b>	<b>\$ 588,308</b>	

See accompanying notes to the condensed interim financial statements

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 1. NATURE AND CONTINUANCE OF OPERATIONS

RIWI Corp. (the "Company" or "RIWI") was incorporated August 17, 2009 and is domiciled in Ontario, Canada with the registered office located at 100 College Street, Suite 311, Toronto, Ontario, M5G 1L5. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "RIW".

The Company's principal business is to provide intelligence using a proprietary digital survey platform called Random Domain Intercept Technology ("RDIT"). The RDIT platform is able to generate intelligence that is of importance to customers through the conduct of digital surveys that are targeted at Web users located throughout the world. The information generated from these surveys enables the customers to make better informed business decisions and implement more effective business strategies.

On February 11, 2015, the Company completed a stock dividend issuing 13 common shares for each common share outstanding. All per share calculations have been retroactively restated to give effect to this issuance.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the six months ended June 30, 2015, the Company incurred a loss of \$451,524, (June 30, 2014 - \$298,089), had an accumulated deficit of \$2,298,326 (December 31, 2014 - \$1,846,802) and has generated negative cash flows from operating activities since inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

### 2. BASIS OF PRESENTATION AND GOING CONCERN

#### a) Statement of compliance

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

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as at August 31, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements for the year ended December 31, 2014, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ended December 31, 2015 could result in restatement of these unaudited condensed interim financial statements.

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 2. BASIS OF PRESENTATION AND GOING CONCERN (continued)

#### b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for amounts that are measured at fair values.

#### c) Functional and presentation currency

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

#### d) Use of estimates and judgments

The preparation of the interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses in the preparation of the interim condensed financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts are as follows:

##### - Going Concern

The Company has incurred losses to date and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

##### - Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

##### - Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 2. BASIS OF PRESENTATION AND GOING CONCERN (continued)

#### d) Use of estimates and judgments (continued)

##### - Income taxes and recoverability of potential deferred tax assets (continued)

facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

##### - Measurement of share-based compensation

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance.

### 3. SUMMARY OF ACCOUNTING POLICIES

#### a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of the following categories: fair value through profit and loss, held-to-maturity, loans and receivables, available-for-sale and other liabilities. The Company has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instruments	Category	Measurement Method
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost

The Company will assess at each reporting period whether any financial assets are impaired. An impairment loss, if any is recorded on the Statement of Comprehensive Loss.



# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF ACCOUNTING POLICIES (continued)

#### b) Cash

Cash consists of cash held on deposit in bank accounts. Cash equivalents are classified as short-term investments that have maturity dates of six months or less from the date of purchase, or they are redeemable prior to maturity. As at June 30, 2015 cash equivalents consisted of Guaranteed Investment Certificates of \$224,900 (December 31, 2014 - \$619,397).

#### c) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a declining balance basis at a rate of 30%.

#### d) Intangible assets

The costs of acquiring intangible assets, consisting patents, are capitalized. Costs are amortized over the estimated useful life of the intangible asset.

#### e) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined 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 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### f) Revenue

Revenue generated from surveys are recognized on the percentage of completion method, measured by the percentage of designed and completed surveys to date over total surveys for the contract term. Revenues are recognized when realization is probable and can be reliably estimated.

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF ACCOUNTING POLICIES (continued)

#### g) Stock-based compensation

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

#### h) Foreign currency translation

Transactions in foreign currencies are translated to the entities functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the entities functional currency at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in net loss.

#### i) Income taxes

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax expense is based on the taxable profits for the year. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are recognized based on differences in the financial statement carrying amount for assets and liabilities and the associated tax balance.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses to the extent that it is probable that there will be taxable profits against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF ACCOUNTING POLICIES (continued)

#### j) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### k) Recently issued accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after the date of these financial statements.

##### (a) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI).

##### (b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 is effective for periods beginning on or after January 1, 2017 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2017, and may consider earlier adoption. The extent of the impact of adoption of IFRS 15 has not yet been determined.

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted market 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

At June 30, 2015 and December 31, 2014, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2 and Level 3 during the three months ended June 30, 2015 (December 31, 2014 - \$Nil). At June 30, 2015 there were no (December 31, 2014 - \$Nil) financial assets or liabilities measured and recognized on the Statements of Financial Position at fair value that would be categorized as Level 2 or Level 3 in the fair value hierarchy.

a) Cash and cash equivalents, trade and other receivables and trade and other payables

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2015 and December 31, 2014, the fair value of these balances approximated their carrying amount due to their short term maturity.

b) Stock Options

The fair value of stock options are measured using the Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected forfeiture rate (based on historic forfeitures), expected volatility (based on based on historical volatility of similar sized companies due to lack of historical data of the Company's stock price), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 5. ACCOUNTS RECEIVABLE

The Company's receivables are as follows:

	June 30, 2015	December 31, 2014
Input tax credits	\$ 3,081	\$ 15,047
Trade receivables	75,223	32,565
	<b>\$ 78,304</b>	<b>\$ 47,612</b>

### 6. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment
<b>Asset cost</b>	
Balance December 31, 2013	\$ 2,847
Additions	3,731
<b>Balance December 31, 2014</b>	<b>6,578</b>
Additions	-
<b>Balance June 30, 2015</b>	<b>\$ 6,578</b>

	Office furniture and equipment
<b>Accumulated depreciation</b>	
Balance December 31, 2013	\$ -
Depreciation	(1,973)
<b>Balance December 31, 2014</b>	<b>(1,973)</b>
Depreciation	-
<b>Balance June 30, 2015</b>	<b>\$ (1,973)</b>

	Office furniture and equipment
<b>Carrying amounts</b>	
Balance December 31, 2014	\$ 4,605
<b>Balance June 30, 2015</b>	<b>\$ 4,605</b>

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 7. INTANGIBLE ASSETS

	Patent	
<b>Asset cost</b>		
Balance December 31, 2013	\$	22,684
Additions		3,960
<b>Balance December 31, 2014</b>		<b>26,644</b>
Additions		-
<b>Balance June 30, 2015</b>	<b>\$</b>	<b>26,644</b>

  

	Patent	
<b>Accumulated amortization</b>		
Balance December 31, 2013	\$	(67)
Amortization		(1,154)
<b>Balance December 31, 2014</b>		<b>(1,221)</b>
Amortization		-
<b>Balance June 30, 2015</b>	<b>\$</b>	<b>(1,221)</b>

  

	Total	
<b>Carrying amounts</b>		
Balance December 31, 2014	\$	25,423
<b>Balance June 30, 2015</b>	<b>\$</b>	<b>25,423</b>

Intangible assets consist of a patent and a patent application.

US Patent #8,069,078 relates to a method of obtaining a representative online polling sample that is intended to substantially eliminate coverage bias from the sample. The patent was filed in 2007 and expires in 2027.

During the year ended December 31, 2014 the Company filed patent application #14/483,639 with the US Patent Office. The patent application relates to systems and methods of inferential demographic analytics on potential survey respondents when using online intercept polls.

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## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 8. CAPITAL STOCK

- a) Authorized: unlimited number of common shares without par value
- b) Common shares issued and outstanding: June 30, 2015 - 14,827,148 (December 31, 2014 - 14,827,148).

On February 11, 2015, the Company completed a stock dividend issuing 13 common shares for each common share outstanding. All per share calculations have been retroactively restated to give effect to this issuance.

- c) On March 18, 2015, the Company issued 70,000 share purchase warrants ("warrants") for financial advisory services. Each warrant is exercisable to purchase one common share of the Company until March 15, 2020 at \$0.8571 per share. The warrants have a fair value, calculated using the Black-Scholes option pricing model, of \$19,941 assuming an expected life of 2.5 years, a risk-free interest rate of 0.58%, an expected dividend rate of 0.0%, and an expected annual volatility coefficient of 60%.

### 9. STOCK OPTIONS

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire in aggregate up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years and are subject to vesting provisions as determined by the board of directors of the Company.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	June 30, 2015		December 31, 2014	
	Number	Weighted average price	Number	Weighted average price
Outstanding, beginning of period	1,534,400	\$0.296	1,534,400	\$0.296
Granted	819,000	\$0.857	-	-
Outstanding, end of period	2,353,400	\$0.556	1,534,400	\$0.296
Exercisable, end of period	1,587,616	\$0.556	1,091,776	\$0.296
Options reserved for issuance under stock option plan	2,965,430		2,965,430	

The weighted average remaining contractual life of options outstanding at June 30, 2015 is 1.5 years (December 31, 2014 – 2.8 years).

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 9. STOCK OPTIONS (continued)

For the six months ended June 30, 2015, the Company recorded stock based compensation expense, with a corresponding credit to reserves of \$201,385. The total fair value of stock options granted during the six months ended June 30, 2015 was \$235,037 (June 30, 2014 - \$Nil).

### 10. EXPENSES BY NATURE

The Company has chosen to present its Statements of Comprehensive Loss based on the functions of the entity. The Statements of Comprehensive Loss include the following employee costs by nature:

For the Six Months Ended	June 30, 2015	June 30, 2014
Short term wages and benefits	\$ 292,225	\$ 232,297
Stock based compensation	201,385	49,636
Included in general and administrative expenses	\$ 493,610	\$ 281,933

### 11. RELATED PARTY TRANSACTIONS

#### a) Related Party Transactions

Included in technology costs are consulting fees to the Company's CTO in the amount of \$72,000 (June 30, 2014 - \$72,000).

#### b) Management Compensation

The Company's management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's Executive Leadership Team. The Executive Leadership Team consists of the CEO, President, CTO, and CFO.

Total compensation expense for management personnel and the composition thereof is:

For the Six Months Ended	June 30, 2015	June 30, 2014
Short term wages and benefits	\$ 246,000	\$ 144,000
Stock based payment reserve	201,385	49,636
Included in general and administrative expenses	\$ 447,385	\$ 193,636



# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 12. SEGMENTED INFORMATION AND CONCENTRATIONS

The Company operates in one segment, to provide intelligence using a proprietary digital survey platform called Random Domain Intercept Technology.

During the six months ended June 30, 2015, five customers accounted for 81% of total revenue (June 30, 2014 – four customers accounted for 92% of total revenue).

Information regarding revenue earned from major customers by geographic segments, based on the location of the customer, is as follows:

	June 30, 2015	June 30, 2014
Revenue:		
Asia	0%	5%
Canada	46%	35%
Europe	0%	14%
United States	54%	46%
	100%	100%

### 13. FINANCIAL RISK MANAGEMENT

#### a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable are due from customers and the Government of Canada for input tax credits and are subject to normal credit risk.

The following table provides information regarding the aged trade receivables as at June 30, 2015:

Current	31-60 days	61-90 days	91 days +
74%	5%	4%	17%

The following table provides information regarding the aged trade receivables as at December 31, 2014:

Current	31-60 days	61-90 days	91 days +
0%	0%	40%	60%

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 13. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### *Allowance for Doubtful Accounts*

At each period end, the Company reviews the collectability of outstanding receivables. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred. The following is a reconciliation of the allowance account:

Reconciliation of the allowance for doubtful accounts	June 30, 2015	December 31, 2014
Balance, beginning of the period	\$ 8,884	\$ 8,884
Change in provision	-	-
Balance, end of period	\$ 8,884	\$ 8,884

The following table identifies the percentage of trade accounts receivable from individual customers comprising 10% or more of the Company's trade receivables:

	June 30, 2015	December 31 2014
Customer A	0%	14%
Customer B	15%	26%
Customer C	0%	29%
Customer D	19%	10%
Customer E	37%	0%

#### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions.

The Company's financial liabilities consists of accounts payable and accrued liabilities and consists of invoices payable to trade suppliers for internet traffic, general and administrative and are paid within one year.

The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings.

# RIWI CORP.

## Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015

(Expressed in Canadian Dollars)  
(Unaudited)

### 13. FINANCIAL RISK MANAGEMENT (continued)

#### c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

##### (i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, the Company had invested \$224,900 (December 31, 2014 - \$619,397) in short-term guaranteed investment certificates.

##### (ii) Foreign currency risk

The Company's activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in US dollars (USD). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

At June 30, 2015, financial instruments were converted at a rate of \$1.00 Canadian to US\$0.8006. Cash and cash equivalents on hand at June 30, 2015 in home currency were as follows:

	USD	CAD
Cash	\$ 278,560	\$ 156,113

The estimated impact on net earnings at June 30, 2015 with a +/- 10% change in foreign exchange rates is approximately \$34,800 (December 31, 2014 - \$20,000).

#### d) Capital management

The Company's capital is defined to be shareholders' equity. The Company's objective in managing capital is to ensure it has adequate working capital to meet day to day needs and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Company manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Company is not subject to any externally imposed capital requirements.

# **RIWI CORP.**

## **Notes to the Condensed Interim Financial Statements For the Six Months Ended June 30, 2015**

**(Expressed in Canadian Dollars)  
(Unaudited)**

### **14. SUBSEQUENT EVENTS**

On August 7, 2015, the Company executed a convertible promissory note in the amount of \$280,000 with a director of the Company. The note bears interest at 3.5% per annum and matures August 7, 2016. Prior to maturity, the Company may convert any portion of the outstanding principle and accrued interest into common shares of the Company at a conversion rate of \$0.50 per common share.

The Company received the Receipt for its Final Long Form Non-Offering Prospectus dated August 12, 2015 from the Ontario Securities Commission. The Company listed on the Canadian Securities Exchange on August 31, 2015.