Interim Condensed Consolidated Financial Statements of

ESPIAL GROUP INC.

Three and nine months ended September 30, 2015 and 2014

(Unaudited)

ESPIAL GROUP INC.
Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2015 and 2014

ESPIAL GROUP INC.

Interim Condensed Consolidated Balance Sheets

(Unaudited)

(In Canadian Dollars)

	September 30, 2015	December 31, 2014
CURRENT ASSETS		
Cash and cash equivalents	$ 47,516,284	$ 18,111,324
Accounts receivable	10,028,969	3,861,058
Investment tax credits receivable	380,975	312,329
Prepaid expenses and other assets	723,243	567,853
	58,649,471	22,852,564
Equipment (Note 6)	973,968	727,626
Intangible assets (Note 6)	1,798,126	1,496,794
Goodwill	3,632,604	3,340,808
	$ 65,054,169	$ 28,417,792
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 3,314,565	$ 2,521,480
Deferred revenue	2,997,933	3,557,667
	6,312,498	6,079,147
Provisions (Note 9)	-	275,234
Total Liabilities	6,312,498	6,354,381
COMMITMENTS (Note 8)		
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	124,874,352	91,072,570
Warrants (Note 4)	764,709	928,063
Share based payments reserve	13,741,718	12,986,590
Deficit	(80,639,108)	(82,923,812)
	58,741,671	22,063,411
	$ 65,054,169	$ 28,417,792

APPROVED BY THE BOARD

Jaison Dolvane

Peter Seeligsohn

See accompanying notes

ESPIAL GROUP INC.
Interim Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)
(In Canadian Dollars)

	Three Months Ended		Nine months Ended	
	September 30, 2015	September 30, 2014	**September 30, 2015**	September 30, 2014
Revenue				
Software	**$ 5,217,518**	$ 1,288,712	**$ 9,340,496**	$ 5,825,331
Professional services	**2,146,008**	2,556,776	**6,718,815**	5,328,557
Support and maintenance	**1,345,828**	1,212,338	**3,566,175**	3,591,276
Total revenue	**8,709,354**	5,057,826	**19,625,486**	14,745,164
Cost of revenue	**1,971,800**	1,392,225	**4,613,899**	3,457,073
Gross margin	**6,737,554**	3,665,601	**15,011,587**	11,288,091
Expenses				
Sales and marketing	**1,414,264**	981,570	**3,763,098**	2,828,491
General and administrative	**868,960**	813,345	**2,561,948**	1,994,310
Research and development	**2,502,968**	1,545,203	**6,424,368**	4,502,197
Amortization of intangible assets	**155,069**	161,338	**484,730**	482,877
	4,941,261	3,501,456	**13,234,144**	9,807,875
Income before other income (expense)	**1,796,293**	164,145	**1,777,443**	1,480,216
Interest income	**95,093**	34,796	**220,068**	46,340
Foreign exchange gain	**410,628**	52,252	**516,135**	73,712
Interest expense	**-**	-	**-**	(106,163)
Income before taxes	**2,302,014**	251,193	**2,513,646**	1,494,105
Income tax expense	**(98,700)**	(37,223)	(228,942)	(160,989)
Net income and comprehensive income	**$ 2,203,314**	$ 213,970	**$ 2,284,704**	$ 1,333,116
Earnings per common share - basic	**$ 0.06**	$ 0.01	**$0.07**	$ 0.06
Weighted average number of common shares outstanding - basic (Note 5)	**36,393,006**	24,486,904	**32,117,869**	21,658,206
Earnings per common share - diluted	**$ 0.06**	$ 0.01	**$0.07**	$ 0.05
Weighted average number of common shares outstanding – diluted (Note 5)	**38,127,445**	27,910,002	**33,873,953**	24,659,599

See accompanying notes

ESPIAL GROUP INC.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

(In Canadian Dollars)

	Nine months Ended	
	September 30, 2015	September 30, 2014
CASH PROVIDED BY (USED IN)		
OPERATING		
Net income	**$ 2,284,704**	$ 1,333,116
Items not affecting cash		
Depreciation of property and equipment	**176,324**	138,784
Amortization of intangible assets	**484,730**	482,877
Share-based compensation expense	**1,051,478**	524,138
Interest accretion on long-term debt	**-**	57,944
Provisions	**(275,234)**	(261,059)
	3,722,002	2,275,800
Changes in non-cash operating working capital items (Note 7)	**(5,536,973)**	(2,546,274)
	(1,814,971)	(270,474)
INVESTING		
Purchase of equipment	**(357,895)**	(153,151)
Purchase of intangibles	**(42,629)**	(29,711)
Purchase of business, net of cash acquired (Note 11)	**(1,721,623)**	-
	(2,122,147)	(182,862)
FINANCING		
Repayment of term debt	**-**	(2,500,000)
Proceeds from options exercised	**374,402**	9,963
Proceeds from warrants exercised (Note 4)	**350,988**	798,583
Proceeds from equity financing (Note 4)	**35,000,000**	11,500,092
Costs of share issuance (Note 4)	**(2,383,312)**	(926,655)
	33,342,078	8,881,983
Cash and cash equivalents inflow	**29,404,960**	8,428,647
Cash and cash equivalents, beginning of period	**18,111,324**	7,407,093
Cash and cash equivalents, end of period	**$ 47,516,284**	$ 15,835,740
Supplementary information:		
Interest paid	**-**	$ (106,163)
Interest received	**$ 220,068**	46,340
Taxes paid	**(228,942)**	(160,988)

See accompanying notes

ESPIAL GROUP INC.

Interim Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(In Canadian Dollars, except share amounts)

	Common Share Number	Common Share Amount	Warrants	Share-based payment reserve	(Deficit)	Shareholders' Equity
Balance at December 31, 2013	**19,771,120**	**$77,781,292**	**$1,436,004**	**$12,125,080**	**($84,095,696)**	**$7,246,681**
Share-based compensation	-	-	-	33,761	-	33,761
Warrants exercised (Note 4)	519,285	501,769	(127,883)	-	-	373,885
Net and comprehensive income	-	-	-	-	1,028,574	1,028,574
Balance at March 31, 2014	20,290,405	$78,283,061	$1,308,121	$12,158,841	($83,067,122)	$8,682,901
Share-based compensation	-	-	-	150,584	-	150,584
Proceeds from share issuance (Note 4)	3,648,657	9,012,090	265,946	-	-	9,278,036
Options exercised	3,251	2,960	-	-	-	2,960
Net and comprehensive income	-	-	-	-	90,571	90,571
Balance at June 30, 2014	23,942,313	$87,298,111	$ 1,574,067	$12,309,425	($82,976,551)	$18,205,052
Share-based compensation	-	-	-	339,793	-	339,793
Warrants exercised (Note 4)	450,000	434,821	(110,821)	-	-	324,000
Proceeds from share issuance (Note 4)	526,320	1,396,098	-	-	-	1,396,098
Options exercised	11,499	7,003	-	-	-	7,003
Net and comprehensive income	-	-	-	-	213,970	213,970
Balance at September 30, 2014	**24,930,132**	**$89,136,033**	**$ 1,463,246**	**$12,649,218**	**($82,762,581)**	**$20,485,916**
Balance at December 31, 2014	**26,886,267**	**$91,072,570**	**$928,063**	**$12,986,590**	**($82,923,812)**	**$22,063,411**
Share-based compensation	-	-	-	320,863	-	320,863
Warrants exercised (Note 4)	100,000	101,864	(29,864)	-	-	72,000
Options exercised (Note 4)	378,180	489,863	-	(219,309)	-	270,554
Net and comprehensive income	-	-	-	-	359,225	359,225
Balance at March 31, 2015	**27,364,447**	**$91,664,297**	**$898,199**	**$13,088,144**	**($82,564,587)**	**$23,086,053**
Share-based compensation	-	-	-	425,417	-	425,417
Proceeds from share issuance (Note 4)	8,750,000	32,616,688	-	-	-	32,616,688
Warrants exercised (Note 4)	172,627	412,478	(133,490)	-	-	278,988
Options exercised	101,027	172,332	-	(77,041)	-	95,291
Net and comprehensive loss	-	-	-	-	(277,835)	(277,835)
Balance at June 30, 2015	**36,388,101**	**$124,865,795**	**$764,709**	**$13,436,520**	**$(82,842,422)**	**$56,224,602**
Share-based compensation	-	-	-	305,198	-	305,198
Options exercised	9,510	8,557	-	-	-	8,557
Net and comprehensive loss	-	-	-	-	2,203,314	2,203,314
Balance at September 30, 2015	**36,397,611**	**$124,874,352**	**$764,709**	**$13,741,718**	**$(80,639,108)**	**$58,741,671**

See accompanying notes

1. DESCRIPTION OF BUSINESS

Espial Group Inc. ("Espial" or the "Company") designs, develops and markets software solutions to enable the delivery of Internet Protocol Television (IPTV). IPTV is a platform that facilitates the provisioning of digital television and other innovative video services with Internet-like functionality over an Internet Protocol (IP) enabled broadband network infrastructure. The Company's products allow communications service providers, including telecommunications, cable TV and satellite TV service providers to deploy IPTV services to their subscribers.

The Company's address and principal place of business is 200 Elgin Street, Suite 1000, Ottawa, Ontario, K2P 1L5, Canada.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB")* and do not include all information required for full annual financial statements for International Financial Reporting Standards ("IFRS"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Annual Report for the year ended December 31, 2014 and were prepared using the same accounting policies, except as described below.

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on, October 28, 2015.

(b) Basis of Measurement

These unaudited condensed consolidated interim statements have been prepared on a historical cost basis. The policies were consistently applied to all the periods presented unless otherwise noted. All figures presented in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in Canadian dollars, which is the functional currency of the Company and each of its subsidiaries.

(c) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Espial Inc., Espial Corporation, Espial (UK) Limited Espial Group Limited (formerly ANT plc. ("ANT")), Espial Limited (formerly ANT Software), and Bluestreak Technologies SAS. All intercompany balances and revenue and expense transactions have been eliminated.

(d) Significant Accounting Policies

Except as disclosed below, the accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2014.

3. NEW AND REVISED IFRS ACCOUNTING PRONOUNCEMENTS

Financial instruments
IFRS 9, Financial Instruments: Classification and Measurement ("IFRS 9"), was Issued in November 2009 and revised in October 2010, IFRS 9, as issued, is the first phase in the IASB's project to replace IAS 39 Financial Instruments: recognition and measurement ("IAS 39"). This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities. The standard is effective for annual periods beginning January 1, 2018. The Company does not intend to adopt IFRS 9 at this time but continues to monitor the individual phases of the IASB project. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IFRS 15, Revenue from Contracts with Customers
In May, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), a new standard on revenue recognition. The new standard provides a framework that replaces existing revenue recognition guidance in IFRS. The standard contains the following:

- a single model that applies to contracts with customers; and
- two approaches to recognizing revenue – at a point in time or over time.

The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The new standard also provides application guidance on numerous topics, including warranties; licences; and when to capitalize costs of obtaining or fulfilling contracts that are not addressed in other accounting standards (e.g., inventory). IFRS 15 applies for annual periods beginning on or after January 1, 2018. Early application is permitted. The extent of the impact of adoption of IFRS 15 has not yet been determined.

4. SHARE CAPITAL

Share capital consists of an unlimited number of common shares of which 36,397,611 common shares were issued and outstanding at September 30, 2015 (December 31, 2014 – 26,886,267).

On May 6, 2015 the Company completed a public offering of 8,750,000 common shares at a price of $4.00 per Common Share on a bought-deal basis. The aggregate gross proceeds to the Company for the Offering were $35,000,000. The net proceeds, after deducting share issue costs of $2,383,312, which have been netted against the value of the common shares, were $32,616,688.

On June 24, 2014, the Company completed a public offering for common shares on a bought-deal basis (the "Offering"). The Company also granted the underwriters an over-allotment option to purchase up to an additional 526,320 Common Shares at the Offering Price which was exercised on July 24, 2014. Pursuant to the Offering and exercise of the over-allotment, the Company issued 4,035,120 common shares at a price of $2.85 (the "Offering Price") for gross proceeds of $11,500,092. The net proceeds, after deducting share issue costs of $935,206, which have been netted against the value of the common shares, were $10,564,886. Related to the Offering the Company granted the underwriters 210,528 compensation warrants to acquire one common share of the Company for each warrant at a price of $2.85 per share for a period of eighteen months from June 30, 2014. The $300,388 grant date fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 112%, risk-free interest rate of 1.10%, dividend yield of NIL% and expected life of the warrants of eighteen months. During the nine months ended September 30, 2015 the Company received $206,988 from the exercise of 72,627 warrants to purchase 72,627 common shares. At September 30, 2015, 137,901 of the warrants remained outstanding.

In 2014 and 2015, the Company received $2,201,141 and $144,000 respectively from warrants granted as part of a equity financing completed in 2013. At September 30, 2015, there were no warrants related to the 2013 financing that remained outstanding.

On December 30, 2010, Espial entered into a non-revolving term loan in the principal amount of $3,500,000. As part of the transaction the Company issued 823,529 warrants that entitle the holder thereof to purchase up to 823,529 common shares of the Company for a period of five years at a price of $0.70 per share. The $567,947 grant date fair value of the warrants was calculated as the residual amount of the principal amount of the loan less the fair value of the loan using the prevailing market interest rate and was credited to share based payment reserve. At September 30, 2015 all warrants remain outstanding.

Stock option plans

At September 30, 2015, there were 3,234,152 options for common shares remaining available for issuance under the 2007 option plan. Options are granted periodically and vest over four years. One quarter of the options vest after 12 months and the remainder vest in thirty-six equal tranches over the three years thereafter. The maximum term of these options is ten years. The Company uses the Black-Scholes option pricing model to value the options at the time of grant. Management periodically reviews the estimates used for calculating the fair value of options. Estimates were as follows for the nine months ending September 30, 2015; volatility is calculated at the time of option grant using historical share price trading activity, ranging from 83% to 98%; risk-free interest rate is based on the government of Canada bond rate, ranging from 0.53% to 0.85%; dividend yield is NIL%; expected life of each option is 1.5 years after vesting. The forfeiture rate was estimated at 10%.

During the three months ended September 30, 2015, there were 170,000 options granted. The per share grant date fair value of these stock options was $1.89. During the nine months ended September 30, 2015, there were 1,040,000 options granted. The weighted average per share grant date fair value of these stock options was $1.89.

(In Canadian Dollars, except share amounts)

The following table summarizes information about option activity for the nine months ended September 30, 2015:

	Number of Options	Weighted-average Exercise Price
Outstanding, at December 31, 2014	**3,508,000**	**$1.78**
Granted	615,000	$2.75
Exercised	(378,180)	$0.72
Outstanding, at March 31, 2015	3,744,820	$2.09
Granted	255,000	$3.45
Exercised	(101,027)	$0.94
Outstanding, at June 30, 2015	3,898,793	$2.21
Granted	170,000	$3.03
Exercised	(9,510)	$0.90
Forfeited	(13,913)	$1.94
Outstanding, at September 30, 2015	**4,045,370**	**$2.25**

	Number of Options	Weighted-average Exercise Price
Outstanding, at December 31, 2013	**2,271,232**	**$1.20**
Granted	1,374,000	$2.83
Exercised	(22,887)	$0.76
Forfeited	(114,345)	$3.06
Outstanding, at December 31, 2014	**3,508,000**	**$1.78**

The following table summarizes stock options outstanding at September 30, 2015:

	Options Outstanding		**Options Exercisable**	
Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Life**	**Number Outstanding**	**Weighted Average Exercise Price**
$0.26 - $1.00	1,400,488	5.04	1,219,955	$0.87
$1.01 - $2.00	219,500	5.89	109,500	$1.61
$2.01 - $4.00	2,317,483	8.85	453,731	$2.89
$4.01 - $7.00	107,899	2.21	107,899	$6.75
	4,045,370	**7.20**	**1,891,085**	**$1.73**

(In Canadian Dollars, except share amounts)

5. EARNINGS PER SHARE

The following table summarized the calculation of the weighted average number of basic and diluted common shares:

Three months ended September 30,	**2015**	2014
Issued common shares at July 1	**36,388,101**	23,942,313
Effect of shares issued from share offering	**-**	362,199
Effect of shares issued from warrants	**-**	177,720
Effect of shares issued from options	**4,905**	4,672
Weighted average number of basic common shares for the three months ended September 30	**36,393,006**	24,486,904
Effect of warrants on issue	**642,869**	2,057,324
Effect of share options on issue	**1,091,570**	1,365,774
Weighted average number of diluted common shares for the three months ended September 30	**38,127,445**	27,910,002

Options and warrants that are anti-dilutive are not included in the computation of diluted earnings per share. For the three months ended September 30, 2015, 2,352,899 stock options were excluded from the calculation of diluted earnings per share because they are anti-dilutive. For the three months ended September 30, 2014, 1,330,350 stock options were excluded from the calculation of diluted earnings per share because they are anti-dilutive.

Nine months ended September 30,	**2015**	2014
Issued common shares at January 1	**26,886,267**	19,771,120
Effect of shares issued from share offering	**4,711,538**	1,382,956
Effect of shares issued from warrants	**181,659**	500,851
Effect of shares issued from options	**338,405**	3,279
Weighted average number of basic common shares for the nine months ended September 30	**32,117,869**	21,658,206
Effect of warrants on issue	**650,368**	1,837,157
Effect of share options on issue	**1,105,716**	1,164,236
Weighted average number of diluted common shares for the nine months ended September 30	**33,873,953**	24,659,599

Options and warrants that are anti-dilutive are not included in the computation of diluted earnings per share. For the nine months ended September 30, 2015, 2,352,899 stock options were excluded from the calculation of diluted earnings per share because they are anti-dilutive. For the nine months ended September 30, 2014, 1,408,600 stock options were excluded from the calculation of diluted earnings per share because they are anti-dilutive.

(In Canadian Dollars, except share amounts)

6. SEGMENTED INFORMATION

The Company operates in one operating segment: computer software solutions. This segment engages in business activities from which it earns license, support and professional services revenues and incurs expenses.

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	**September 30, 2015**	September 30, 2014
Europe	**$ 2,318,270**	$ 2,256,910	**$ 8,598,013**	$ 5,585,355
Asia Pacific	**694,704**	659,185	**2,411,784**	2,786,664
North America	**5,696,380**	2,141,731	**8,615,689**	6,373,145
	$ 8,709,354	$ 5,057,826	**$ 19,625,486**	$ 14,745,164

For the three months ended September 30, 2015, the Company had one customer that individually accounted for 49% of revenue. For the three months ended September 30, 2014, the Company had two customers that individually accounted for 18% and 13% of revenue. For the nine months ended September 30, 2015, the Company had three customers that individually accounted for 27%, 14% and 13% of revenue and for the nine months ended September 30, 2014, the Company had two customers that individually accounted for 17% and 10% of revenue. As at September 30, 2015 three customers accounted for 42%, 14% and 12% respectively of accounts receivable. As at December 31, 2014 three customers accounted for 37%, 15% and 10% respectively of accounts receivable.

The following table sets forth property and equipment attributable to Canada (the Company's country of domicile), the United States, the United Kingdom and France. The four regions hold all of the Company's equipment.

	September 30, 2015	December 31, 2014
Canada	**$ 695,925**	$463,360
United States	**103,459**	125,467
United Kingdom	**152,037**	138,799
France	**22,547**	-
	$973,968	$727,626

(In Canadian Dollars, except share amounts)

The following table sets forth intangible assets attributable to Canada (the Company's country of domicile), the United States and the United Kingdom. The three regions hold all of the Company's intangible assets.

	September 30, 2015	December 31, 2014
Canada	**$ 750,747**	$ 61,081
United States	**2,163**	104,914
United Kingdom	**1,045,216**	1,330,799
	$ 1,798,126	$ 1,496,794

7. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	Nine months	
	September 30, 2015	September 30, 2014
Accounts receivable	**$ (5,126,983)**	$ (1,972,739)
Investment tax credits receivable	**76,594**	74,625
Prepaid expenses and other assets	**(87,684)**	(148,064)
Accounts payable and accrued liabilities	**239,986**	551,951
Deferred revenue	**(638,886)**	(1,052,047)
	$ (5,536,973)	$ (2,546,274)

8. COMMITMENTS

The Company has entered into several operating leases for office space and various equipment leases.

The Company rents premises in Canada, the United States, the United Kingdom and France under operating leases, which expire at varying dates up to October 2024. The lease agreements provide for base rent plus the Company's proportionate share of taxes and operating costs. The leases do not contain contingent rent clauses, purchase options, escalation clauses, or any restrictions regarding further leasing or additional debt.

The equipment leases are all for periods of three years or less, contain purchase options at fair value at termination of lease, do not contain any contingent rent clauses, escalation clauses, any restrictions regarding dividends, further leasing or additional debt.

(In Canadian Dollars, except share amounts)

The Company's minimum lease commitments over the remaining life of the leases are as follows:

2015	$ 228,718
2016	769,827
2017	476,631
2018	460,503
2019 to 2024	2,679,968
	$ 4,615,647

Lease payments recognized as an expense during the three month periods ended September 30, 2015 and 2014 were $347,063 and $176,842 respectively. Lease payments recognized as an expense during the nine month periods ended September 30, 2015 and 2014 were $792,080 and $510,743 respectively.

9. PROVISIONS

	Disputes	Building	Total
Opening, January 1, 2015	**$112,595**	**$162,639**	**$275,234**
Impact of foreign exchange	13,539	19,557	33,096
Utilized	(126,134)	-	(126,134)
Reversed	-	(182,196)	(182,196)
Closing, September 30, 2015	-	-	-

The Company had provided an estimated cost of settling disputes relating to contractual issues. During 2015 the Company reversed the remaining value of the building provision. The Company had provided the estimated non-recoverable cost of vacated leased space plus a dilapidation provision for its offices in the UK, acquired as part of an acquisition. During the third quarter of 2015 the Company reached an agreement with the landlord to give the space back in as-is condition so the provision is no longer required.

10. EMPLOYEE BENEFITS EXPENSE

The following table presents the employee benefits earned by the employees during the periods noted below:

	Three Months ended		Nine months ended	
	September 30, 2015	September 30, 2014	**September 30, 2015**	September 30, 2014
Salaries	**$ 3,174,058**	$ 2,299,564	**$ 8,383,391**	$ 6,085,620
Benefits	**603,874**	300,625	**1,466,644**	928,680
Other labour costs	**513,431**	253,973	**1,135,644**	799,304
Commissions	**134,155**	24,606	**274,496**	208,805
Share based payments	**305,199**	339,793	**1,051,478**	524,138
	$ 4,730,717	$ 3,218,561	**$ 12,311,653**	$ 8,546,547

(In Canadian Dollars, except share amounts)

The following table presents the share-based compensation expense by function during the periods noted below:

	Three Months ended		**Nine months ended**	
	September 30, 2015	September 30, 2014	**September 30, 2015**	September 30, 2014
Sales and marketing	**$ 44,083**	$ 26,554	**$ 136,991**	$ 39,667
General and administration	**199,761**	250,565	**748,200**	381,232
Research and development	**61,355**	62,674	**166,287**	103,239
	$ 305,199	$ 339,793	**$ 1,051,478**	$ 524,138

11. ACQUISITION OF BLUESTREAK TECHNOLOGIES.

On June 23, 2015 the Company entered into an agreement pursuant to which Espial acquired certain assets of Bluestreak Technology (Canada) Inc. including 100% of its France based subsidiary, Bluestreak Technologie SAS, for cash consideration of $1,100,000 plus acquired cash and working capital for a total purchase price of $2,769,601. The acquisition further strengthens Espial's software expertise and experience integrating leading over-the-top services. These capabilities enhance Espial's RDK and HTML5 solutions which blend linear television with web-based video services.

The acquisition has been accounted for using the acquisition method of accounting, whereby the results of operations of the acquired assets are included in the Company's consolidated financial statement from the acquisition date and the related identifiable assets acquired and liabilities assumed are recorded at their fair values on the date of acquisition. Acquisition costs were $50,000 with the full amount recognized in general and administrative in the statement of income and comprehensive income.

(In Canadian Dollars, except share amounts)

While the Company has undertaken a preliminary purchase price analysis, it is still finalizing the amounts for the allocation of goodwill and intellectual property and expects the final allocation to be completed in 2015. The preliminary fair values are as follows:

Assets acquired	
Cash	$ 1,047,978
Accounts and unbilled receivables	1,040,928
Tax credit receivable	145,240
Prepaid expenses and deposits	67,706
Property and equipment	64,771
Goodwill	291,796
Intellectual property	743,433
	3,401,852
Liabilities assumed	
Accounts payable & accrued liabilities	553,099
Deferred income	79,152
	632,251
Total purchase price consideration	**$ 2,769,601**

Goodwill and intellectual property have been allocated to the Company's single reporting unit. The value of the goodwill, all of which is tax deductible, relates to the estimated value of the assembled workforce. Intellectual property will be amortized over a period of five years.

The net cash outflow as at September 30, 2015 related to the acquisition of Bluestreak was:

Consideration paid in cash	$ 2,769,601
Less: cash balances acquired	(1,047,978)
	$ 1,721,623