
SURREY CAPITAL CORP.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

SURREY CAPITAL CORP.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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Management's Responsibility

To the Shareholders of Surrey Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards (“**IFRS**”) that have been incorporated into Canadian Generally Accepted Accounting Principles (“**CGAAP**”) and ensuring that all information in the management discussion and analysis is consistent with these financial statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors (“**Board**”) is composed primarily of directors who are neither management nor employees of Surrey Capital Corp. and the Audit Committee is comprised of independent directors. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and with the external auditors. The Board is also responsible for recommending the appointment of the external auditor of Surrey Capital Corp.

Davidson and Company, LLP, an independent firm of Chartered Professional Accountants, has been appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, Audit Committee, and management to discuss their audit findings.

/s/ “James W.G. Turner”

James W.G. Turner
Chief Executive Officer

Toronto
October 27, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Surrey Capital Corp.

We have audited the accompanying consolidated financial statements of Surrey Capital Corp., which comprise the consolidated statement of financial position as at June 30, 2016, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Surrey Capital Corp. as at June 30, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Surrey Capital Corp.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements of Surrey Capital Corp. for the year ended June 30, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on October 23, 2015.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 27, 2016

SURREY CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at June 30, **2016** **2015**

ASSETS

CURRENT

Cash and cash equivalents	\$ 91,882	\$ 243,141
Receivables (Note 6)	2,949	20,164
Prepaid expenses	<u>7,515</u>	<u>18,986</u>
	102,346	282,291
Investment in intellectual assets (Note 7)	<u>1,000</u>	<u>325,133</u>
	<u>\$ 103,346</u>	<u>\$ 607,424</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities (Note 9)	\$ 41,224	\$ 94,724
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SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 10)

	667,081	667,081
Reserves (Note 11)	33,381	33,256
ACCUMULATED DEFICIT	<u>(638,340)</u>	<u>(187,637)</u>
	<u>62,122</u>	<u>512,700</u>
	<u>\$ 103,346</u>	<u>\$ 607,424</u>

Nature of Operations & Going Concern (Note 1)

Subsequent Event (Note 16)

Approved on behalf of the board of directors:

/s/ "Elliott Jacobson"
Elliott Jacobson, Director

/s/ "Richard Barnowski"
Richard Barnowski, Director

SURREY CAPITAL CORP
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Reserves	Accumulated Deficit	Shareholders' Equity
Balance, June 30, 2014	15,000,000	\$ 83,970	\$ ---	\$ (58,242)	\$ 25,728
Issuance of common shares for cash	3,584,476	130,000	---	---	130,000
Acquisition of Mobilman Management Inc.	7,628,000	276,591	33,256	---	309,847
Issuance of common shares for settlement of debt	1,765,194	176,520	---	---	176,520
Loss & Comprehensive Loss for the year	---	---	---	(129,395)	(129,395)
Balance, June 30, 2015	<u>27,977,670</u>	<u>\$ 667,081</u>	<u>\$ 33,256</u>	<u>\$ (187,637)</u>	<u>\$ 512,700</u>
Balance, June 30, 2015	27,977,670	\$ 667,081	\$ 33,256	\$ (187,637)	\$ 512,700
Share Based Payment	---	---	125	---	125
Loss & comprehensive Loss for the year	---	---	---	(450,703)	(450,703)
Balance, June 30, 2016	<u>27,977,670</u>	<u>\$ 667,081</u>	<u>\$ 33,381</u>	<u>\$ (638,340)</u>	<u>\$ 62,122</u>

SURREY CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the Year Ended June 30,	2016	2015
EXPENSES		
General and administrative (Note 9)	\$ 30,935	\$ 4,572
Business development	10,394	4
Product development	11,961	---
Professional fees	<u>20,700</u>	<u>2,342</u>
	(73,990)	(6,918)
INTEREST EXPENSE	(737)	(6,212)
SHARE LISTING EXPENSES	---	(116,265)
WRITE DOWN OF INTELLECTUAL ASSETS (Note 7)	(375,976)	----
LOSS AND COMPREHENSIVE LOSS	<u>\$ (450,703)</u>	<u>\$ (129,395)</u>
LOSS PER COMMON SHARE		
Loss per common share		
– basic and diluted	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding		
– basic and diluted	<u>27,977,670</u>	<u>16,039,992</u>

SURREY CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Year Ended June 30,	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (450,703)	\$ (129,395)
Non-cash expenses:		
Share based payment	125	---
Share listing expenses	---	116,265
Write down of Intellectual Assets	<u>375,976</u>	<u>---</u>
	(74,416)	(13,130)
Net change in operating assets and liabilities:		
Receivables	17,215	(16,595)
Prepaid expenses	11,471	(18,986)
Accounts payable and accrued liabilities	<u>(53,500)</u>	<u>46,527</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(99,416)</u>	<u>(2,184)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	<u>---</u>	<u>130,000</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>---</u>	<u>130,000</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investment in intellectual assets (Note 7)	<u>(51,843)</u>	<u>(120,001)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(51,843)</u>	<u>(120,001)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(151,259)	7,815
CASH ACQUIRED UPON ACQUISITION	---	235,220
CASH AND CASH EQUIVALENTS		
- Beginning of the year	<u>243,141</u>	<u>106</u>
CASH AND CASH EQUIVALENTS		
- End of the year	<u>\$ 91,882</u>	<u>\$ 243,141</u>
CASH AND CASH EQUIVALENTS, represented as follows:		
Cash	\$ 91,881	\$ 113,141
Short-term deposit	—	130,000
SUPPLEMENTAL INFORMATION		
Interest received	\$ —	\$ —
Interest paid	—	—
Income taxes paid	—	—

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

1. Nature of Operations and Going Concern

Description of the Business

Surrey Capital Corp. (the “**Corporation**”) was incorporated under the Business Corporations Act (*Ontario*) on September 13, 2010. The Corporation is in the technology business and has one wholly owned subsidiary, Mobilman Management Inc (“**MM**”). MM, whose operations and assets are in Quebec and was incorporated on May 30, 2013. The Corporation’s principal offices are located at 7758, 1st Avenue, Quebec City, Quebec, G1H 2Y2.

Effective June 30, 2015, the Corporation completed a transaction with MM, an entity incorporated under the Canada Business Corporations Act (“**CBCA**”). This transaction was accounted for as a reverse takeover as the control of the Corporation was acquired by the former shareholders of MM. Therefore, these consolidated financial statements include the accounts of the Corporation and its subsidiary, MM. Although legally, Surrey Capital Corp. (“**Legal Parent**”) is regarded as the legal parent or continuing company, MM, whose shareholders now hold more than 50% of the voting shares of the Corporation, is treated as the acquirer under International Financial Reporting Standards (“**IFRS**”). Consequently, the Legal Parent is deemed a continuation of MM and control of the assets and business of Surrey Capital Corp. is deemed to have been acquired.

These consolidated financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on October 27, 2016.

Basis of Operations and Going Concern

These financial statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at June 30, 2016, the Corporation had no sources of positive operating cash flows. The Corporation will therefore eventually require additional funding which, if not raised, would result in the curtailment of activities and delays in its ability in becoming self-sufficient. The Corporation had working capital of \$61,122 as at June 30, 2016, and has incurred losses since inception, resulting in an accumulated deficit of \$638,340 as of that date. The Corporation’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Corporation will be successful in this regard. These material uncertainties may cast significant doubt regarding the Corporation’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” assumption were not appropriate for these financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

As an entity with no operations, funding to meet its operating expenses as well as working capital is dependent on the Corporation’s ability to issue common shares or borrow funds. There is no certainty that the Corporation will be able to raise sufficient funds beyond this period.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS that have been incorporated into Canadian Generally Accepted Accounting Principles (“**CGAAP**”) as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“**IFRIC**”).

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets, which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of the Corporation include the accounts of Surrey Capital Corp. and Mobilman Management Inc. All inter-company transaction have been eliminated.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 4.

Functional and presentation currency

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

Transactional Costs

The costs incurred relating to transactional costs are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Intellectual Assets

The Corporation capitalizes development costs of internally generated assets that meet the criteria for capitalization.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Intangibles are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any. Amortization on an asset does not begin until the asset is available for usage. Amortization is provided using methods outlined below at rates intended to amortize the cost of intangibles less, their estimated residual values, over their estimated useful lives.

Intangibles	Depreciation method and Rate
Core Software	5 years straight line
Computer software	3 years straight line
Licenses	4 years straight line

Intangibles acquired separately

Intangibles with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization rate are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangibles with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangibles

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangibles arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangibles is the sum of the expenditure incurred from the date when the intangibles first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangibles are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangibles that are acquired separately.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Derecognition of intangibles

An intangible is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible, measured as the difference between the net disposal proceeds and the carrying amount of the intangible, is recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, management reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangibles with indefinite useful lives and intangibles not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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 the profit and loss

Impairment of non-financial assets

The Corporation's assets are reviewed for indications of impairment at each financial reporting date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Deferred Financing Costs

Financing costs related to the financings are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to profit or loss.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common shares are charged to share capital upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income Tax

Current tax is based on the results for the period and adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and tax laws that were enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise upon initial recognition of goodwill or arise on initial recognition of assets and liabilities acquired other than in a business combination where at the time of transaction effects neither accounting profit or taxable income (tax loss).

Earnings (Loss) Per Share

Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is computed by dividing the loss applicable to common shares by the diluted weighted average number of shares which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation. Any shares or options considered anti-dilutive are not added to the number of shares outstanding.

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value Through Profit or Loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in profit or loss. Gains and losses arising from changes in fair value are included in profit or loss

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events, which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in profit or loss. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in profit or loss.

Fair Value Hierarchy

The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of June 30, 2016 and 2015, cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Share-based Payments

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to profit or loss over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to reserves. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received together with the amount previously recorded in reserves, are added to share capital. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to reserves. Fair value is measured using the Black-Scholes option-pricing model.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Warrants

The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to reserves. The fair value of warrants exercised is recorded as share capital.

Accounting Standards Issued But Not Yet Effective

The Corporation has reviewed recently issued and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15, issued in May 2014, will specify how and when entities recognize, measure, and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers, and SIC 31 Revenue – barter transactions involving advertising services.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard on its financial statement, but does not anticipate any material impact.

SURREY CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(All Amounts are in Canadian Dollars)

4. Summary of Accounting Estimates and Assumptions

The key sources of estimation uncertainty that have a significant risk of causing adjustment to the amounts recognized in the financial statements are:

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Share-Based Payment Transactions

The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 11.

Income Taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

5. Reverse Take-Over of the Corporation

As a result of the acquisition of MM by the Corporation in June 2015, the former shareholders of Mobilman own 69.78% of the outstanding shares of the Corporation. In accordance with IFRS 3, the substance of this transaction was a reverse take-over of a non-operating company because Surrey Capital Corp. did not constitute a business prior to the reverse take-over.

Accordingly, the take-over of Surrey Capital Corp. accounted for under IFRS 2 at the fair value of the equity instruments of the Company granted to the shareholders of MM. The difference between the net assets acquired and the fair value of the consideration granted classified as a share listing expense.

The fair value of the consideration was determined based on the percentage of ownership of Surrey Capital Corp. have in the combined entity after the reverse take-over. This represented the fair value of the shares that MM would have issued for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of MM acquiring 100% of the shares of the Corporation.

Based on the statements of financial position of Surrey Capital Corp. at the time of the reverse take-over, the net assets at estimated fair value that were acquired by MM were \$160,326 and the resulting share listing expense was as follows:

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5. Reverse Take-Over of the Corporation - continued

Consideration	
Fair Value of MM shares	<u>\$ 276,591</u>
Identifiable assets acquired net of liabilities	<u>\$ 160,326</u>
Share listing expense	<u>\$ 116,265</u>

6. Receivables

	2016	2015
HST/GST/QST receivable	\$ 2,949	\$ 20,131
Interest receivable	---	33
	<u>\$ 2,949</u>	<u>\$ 20,164</u>

7. Investment in Intellectual Asset

The Corporation is currently developing the Mobilman application which is a Software-as-Service cloud based solution accessible via secured webportals and mobile devices to help manage an organization's mobile workforce and resources.

Balance, June 30, 2014	205,132
Additions	<u>120,001</u>
Balance, June 30, 2015	325,133
Additions	<u>51,843</u>
	376,976
Write down	<u>(375,976)</u>
	<u>\$ 1,000</u>

During the year ended June 30, 2016, the Company reviewed the carrying value of the Mobilman application, which is considered to be a single cash generating unit, for impairment indicators. It was determined that the carrying value of the intellectual property exceeded its recoverable amount and the Corporation wrote off \$375,976. The recoverable amount of the intellectual property was based on the fair value less costs of disposal, as "value in use" was not determinable for a project that is not currently generating any cash flows. The fair value was determined to be \$1,000 as the Company is in ongoing negotiations with third parties to find a potential buyer. The disposal cost of \$nil was determined as there were no physical assets to dispose of and any transaction costs are considered to be nominal.

8. Accounts payable and accrued liabilities

	2016	2015
Trade payables	\$ 40,649	\$ 94,149
Due to related parties	575	575
	<u>\$ 41,224</u>	<u>\$ 94,724</u>

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9. Related Party Transactions

During the year ended June 30, 2016 the Corporation entered into the following transactions with related parties and key management personnel, which includes directors and officers and companies controlled by those individuals:

- a) recorded expenses amounting to \$10,000 (2015 - \$9,586) for rent, insurance, utilities and for other costs included in general and administrative paid for by a shareholder of the Corporation or to an entity that has a common shareholder.
- b) recorded expenses amounting to Nil (2015 - \$5,803) for interest expenses paid to a company owned by an officer of the Corporation.
- c) recorded expenses amounting to \$600 (2015 - Nil) for office expenses paid to a company owned by an officer of the Corporation.

As of June 30, 2016, \$575 (2015 - \$575) was due to a related party and is included in accounts payable.

During the year ending June 30, 2015, the Corporation reimbursed cash advances by shareholders in the amount of \$176,519 via the issuance of 1,765,194 common shares.

Key Management Compensation Summary

	<u>2016</u>	<u>2015</u>
Interest Expense	-----	5803
Office Expense	600	-----
Total	600	5803

10. Share Capital

- a) Authorized and issued

The Corporation is authorized to issue an unlimited number of common shares and unlimited preferred shares.

- b) Escrow Shares – From Initial Public Offering (“**IPO**”)

All of the 2,500,000 common shares issued prior to the IPO were deposited with the escrow agent under the escrow agreement.

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10. Share Capital - continued

On March 13, 2013, the legal parent, Surrey, completed its Qualifying Transaction authorizing beginning of the release of common shares held in escrow in accordance with Policy 2.4 of the Exchange. As of June 30, 2016, all of the common shares placed in escrow have been released.

c) Escrow Shares – From Acquisition of Mobilman Management Inc.

Upon the acquisition of MM by Surrey on June 30, 2015, all of the securities issued to insiders of the Corporation which were issued for either cash, being 433,350 Common Shares, or for the acquisition of MM, being 18,151,126 Common Shares, were placed in escrow, in accordance with the policies of the Canadian Securities Exchange (“Exchange”). In addition, of the 18,151,126 Common Shares issued in the transaction to acquire MM, 15 million was issued for the acquisition of MM itself of which 12 million were placed under a super escrow agreement, which required that the Corporation to file with applicable Canadian securities regulators interim financial statements evidencing positive net income and positive comprehensive income for an interim period after the date of the acquisition of MM. An additional 2,757,252 common shares were also placed in escrow under the regular Exchange requirements to be released in accordance with the Exchange policies.

As of June 30, 2016, in addition to the 12 million common shares relating to the super escrow there remains 1,654,351 common shares remained in escrow and will be released as follows:

Date	Quantity
December 30, 2016	413,588
June 30, 2017	413,588
December 30, 2016	413,588
June 30, 2018	413,587

With regards to the 12 million common shares placed in a super escrow, they were to have been released in staged amounts.

On September 23, 2016, the Corporation obtained approval to cancel the 12 million shares under the super escrow agreement.

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11. Reserves

The Corporation's Incentive Stock Option Plan (the "**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Corporation's common shares on the date of the grant to directors, officers, employees and consultants to the Corporation. The option period for options granted under the Plan is for a maximum period of 10 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Corporation at the price specified in the terms of the option.

During fiscal 2016, the fair value of the options granted based on the Black Scholes option-pricing model using the following assumptions:

	Fiscal 2016
Number of incentive stock options	25,000
Exercise price	\$ 0.10
Expected life	2.5years
Weighted average risk-free interest rate	1.62%
Weighted average expected volatility	100.0%
Dividend yield	0.0%
Fair value	\$0.005

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11. Reserves - continued

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, June 30, 2014	---	\$ N/A
Acquisition of Surrey	726,469	0.10
Granted	---	N/A
Exercised	---	N/A
Cancelled	---	N/A
Forfeited	---	N/A
Balance, June 30, 2015	726,469	\$ 0.10
Granted	25,000	0.10
Exercised	---	N/A
Expired	(74,280)	N/A
Forfeited	---	N/A
Balance, June 30, 2016	677,189	\$ 0.10

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at June 30, 2016.

Exercise Price	Options Outstanding	Expiry Date	Outstanding		Exercisable	
			Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price
\$ 0.10	502,189	January 27, 2021	4.6 years	\$ 0.10	502,189	\$ 0.10
0.10	150,000	June 3, 2023	6.9 years	0.10	150,000	0.10
0.10	25,000	June 18, 2018	<u>2.0 years</u>	0.10	25,000	0.10
			5.0 years			

There were no warrants issued or outstanding during the preceding two fiscal years.

12. Income Taxes

The Corporation's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.9% (2015 – 26.9%) to the loss for the periods. A reconciliation of the accounting income to taxable income is as follows:

	2016	2015
Statutory Rate	26.9%	26.9%
Loss before income taxes	\$ (450,703)	\$ (129,395)
Recovery of income taxes based on statutory rate	(119,000)	(35,000)
Adjustment to income taxes:		
Non-deductible and other	98,000	20,000
Change in Deferred Taxes Not recognized	21,000	\$ 15,000
Income tax recovery	\$ ---	--

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The Corporation's deferred income tax asset, computed by applying a future federal and provincial statutory rate of 26.9% (2015 – 26.9%), is as follows:

	2016	2015
Non-capital losses carried forward	\$ 166,000	\$ 128,000
Intangibles and other expenses	6,000	23,000
Deferred tax assets not recognized	(172,000)	(151,000)
	\$ ---	\$ ---

At June 30, 2016, the Corporation has a non-capital loss of \$623,000 (2015 - \$467,000) available for carry-forward, which has not been recognized in these financial statements. These losses expire approximately as follows:

Year	Amount
2031	\$ 60,837
2032	55,072
2033	99,238
2034	187,222
2035	121,259
2036	99,372
	\$ 623,000

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and shares issuance costs as it is not probable that future taxable profits will be available against which these losses can be utilized.

13 Segmented Information

The Corporation operates in one segment being the development of mobil application technology in one geographic region being Canada.

14. Capital Management

The Corporation manages its common shares, stock options, warrants and accumulated deficit as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash on its balance sheet.

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of

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365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Management reviews its approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. The Corporation is not subject to any externally imposed capital restrictions.

15. Financial Instruments & Risk Management

Transactional Risk

The Corporation does not use hedging transactions to manage risk. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages risk as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The ability to do this relies on the Corporation raising capital through equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at June 30, 2016, the Corporation had \$91,882 cash and cash equivalents to settle \$41,224 of current liabilities (2015 - \$243,141 cash and cash equivalent to settle \$94,724 of current liabilities). The Corporation is exposed to liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk for the years presented.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

As of the date of these financial statements the Corporation's only debtor is the government of Canada for Goods and Sales Tax ("HST") and Government of Quebec for the Quebec Sales Tax ("QST") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk.

Currency Risk

Currency risk is the risk that changes in exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to material foreign currency risk.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

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Fair Values

Financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as financial assets at fair value through profit or loss, receivables as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

16. Subsequent Event

Subsequent to June 30, 2016, the Corporation received approval for the cancellation of the 12,000,000 shares common shares held in super escrow, issued pursuant to the acquisition of Mobilman. (Note 10)