Consolidated Financial Statements
(Expressed in U.S. dollars)

REDKNEE SOLUTIONS INC.

Years ended September 30, 2015 and 2014

MANAGEMENT'S RESPONSIBILITY

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of Redknee Solutions Inc. (the "Company"). Management is responsible for the information and representations contained in these consolidated financial statements.

We maintain appropriate processes to ensure that we produce relevant and reliable financial information. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in note 2 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors appoint an Audit Committee of three independent directors to review the consolidated financial statements, as well as the adequacy of its internal controls, audit process and financial reporting with management and with the external auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

KPMG LLP, our independent auditors appointed by security holders at the last annual meeting, have audited the consolidated financial statements. Their report is presented below.

/s/ Lucas Skoczkowski
Chief Executive Officer

/s/ David Charron
Chief Financial Officer

December 2, 2015
Toronto, Canada

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Redknee Solutions Inc.

We have audited the accompanying consolidated financial statements of Redknee Solutions Inc., which comprise the consolidated statements of financial position as at September 30, 2015 and September 30, 2014, the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising 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 audits. We conducted our audits 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 our 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, we consider 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Redknee Solutions Inc. as at September 30, 2015 and September 30, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 2, 2015
Toronto, Canada

REDKNEE SOLUTIONS INC.

Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

September 30, 2015 and 2014

		2015		2014
Assets				
Current assets:				
Cash and cash equivalents (note 8)	$	55,047,577	$	108,636,797
Trade accounts and other receivables (note 9)		67,439,885		71,393,983
Unbilled revenue		38,612,499		42,396,988
Prepaid expenses		2,535,936		4,339,650
Income taxes receivable		1,399,564		426,478
Other assets (note 12)		392,195		898,871
Inventories		812,987		5,199,362
Total current assets		166,240,643		233,292,129
Restricted cash (note 20(b))		5,972,087		881,940
Property and equipment (note 10)		8,435,008		8,708,115
Deferred income taxes (note 17(d))		4,286,459		1,939,416
Investment tax credits (note 17(c))		351,385		416,222
Other assets (note 12)		1,816,640		2,089,688
Intangible assets (note 11)		44,821,478		32,819,313
Goodwill		30,829,220		7,638,590
Total assets	$	262,752,920	$	287,785,413
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade payables	$	9,128,710	$	9,538,161
Accrued liabilities		32,305,136		38,566,558
Provisions (note 21)		8,772,519		14,967,576
Income taxes payable		2,364,983		2,022,047
Deferred revenue		12,911,824		20,743,769
Settlement accrual and contingent consideration (note 5(c)(i)		10,244,224		14,454,527
Loans and borrowings (note 14)		1,800,000		750,000
Total current liabilities		77,527,396		101,042,638
Deferred revenue		870,937		3,601,859
Other liabilities		2,615,163		2,281,341
Pension and other long-term employment benefit plans (note 15)		11,417,481		10,258,900
Loans and borrowings (note 14)		54,961,066		45,809,713
Provisions (note 21)		4,006,354		6,608,270
Deferred income taxes (note 17(d))		–		36,016
Total liabilities		151,398,397		169,638,737
Shareholders' equity:				
Share capital		174,082,815		173,757,863
Treasury stock (note 16(h))		(141,917)		(21,226)
Contributed surplus		7,899,360		5,665,135
Deficit		(67,086,722)		(57,080,147)
Accumulated other comprehensive loss		(3,399,013)		(4,174,949)
Total shareholders' equity		111,354,523		118,146,676
Total liabilities and shareholders' equity	$	262,752,920	$	287,785,413

Commitments, guarantees and contingent liabilities (note 20)

Subsequent event (note 16(c))

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

REDKNEE SOLUTIONS INC.

Consolidated Statements of Comprehensive Loss
(Expressed in U.S. dollars, except per share and share amounts)

Years ended September 30, 2015 and 2014

	2015	2014
Revenue:		
Software, services and other	$ 130,179,681	$ 138,821,757
Support and subscription	92,560,729	118,875,723
	222,740,410	257,697,480
Cost of revenue	92,192,264	125,911,517
Gross profit	130,548,146	131,785,963
Operating expenditures (note 6):		
Sales and marketing	34,128,382	37,599,559
General and administrative	28,364,951	32,387,711
Research and development	48,030,270	62,214,327
Acquisition and related costs (note 5)	6,212,222	7,197,617
Restructuring costs (note 21(a))	1,095,454	22,524,612
	117,831,279	161,923,826
Income (Loss) from operations	12,716,867	(30,137,863)
Foreign exchange loss	(9,948,211)	(5,590,285)
Other income (note 5)	–	4,065,422
Finance income (note 7(b))	31,633	45,129
Finance costs (note 7(a))	(5,172,039)	(3,047,129)
Loss before income taxes	(2,371,750)	(34,664,726)
Income tax expense (recovery) (note 17(a)):		
Current	7,754,139	4,001,874
Deferred	(119,314)	1,230,925
	7,634,825	5,232,799
Loss for the year	(10,006,575)	(39,897,525)
Other comprehensive income (loss):		
Items that will not be reclassified to net income:		
Actuarial gain (loss) on pension and non-pension post-employment benefit plans, (net of income tax (recovery) expense of nil (2014 - ($2,063,711)) (note 15(b) and (c))	775,936	(5,671,980)
Total comprehensive loss	$ (9,230,639)	$ (45,569,505)
Loss per common share:		
Basic	$ (0.09)	$ (0.39)
Diluted	(0.09)	(0.39)
Weighted average number of common shares (note 16(b)):		
Basic	109,111,052	102,921,881
Diluted	109,111,052	102,921,881

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

REDKNEE SOLUTIONS INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in U.S. dollars)

Years ended September 30, 2015 and 2014

	Share capital						
	Number outstanding	Amount	Treasury stock (note 17(h))	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, September 30, 2014	108,903,734	$ 173,757,863	$ (21,226)	$ 5,665,135	$ (57,080,147)	$ (4,174,949)	$ 118,146,676
Loss for the year	–	–	–	–	(10,006,575)	–	(10,006,575)
Defined benefit plan actuarial gain (note 15)	–	–	–	–	–	775,936	775,936
Purchase of treasury stock (note 16(h))	–	–	(536,507)	–	–	–	(536,507)
Treasury stock issued (note 16(h))	–	–	415,816	(415,816)	–	–	–
Share-based compensation	–	–	–	2,743,887	–	–	2,743,887
Stock options exercised (note 16(g))	326,842	324,952	–	(93,846)	–	–	231,106
Balance, September 30, 2015	109,230,576	$ 174,082,815	$ (141,917)	$ 7,899,360	$ (67,086,722)	$ (3,399,013)	$ 111,354,523
Balance, September 30, 2013	95,510,022	$ 109,017,145	$ (132,050)	$ 4,357,175	$ (17,182,622)	$ 1,497,031	$ 97,556,679
Loss for the year	–	–	–	–	(39,897,525)	–	(39,897,525)
Defined benefit plan actuarial loss (note 15)	–	–	–	–	–	(5,671,980)	(5,671,980)
Share-based compensation	–	–	–	1,747,974	–	–	1,747,974
Treasury stock issued (note 16(h))	–	–	110,824	(110,824)	–	–	–
Stock options exercised (note 16(g))	573,192	906,884	–	(329,190)	–	–	577,694
Proceeds from public offering (note 16(d))	12,820,520	63,833,834	–	–	–	–	63,833,834
Balance, September 30, 2014	108,903,734	$ 173,757,863	$ (21,226)	$ 5,665,135	$ (57,080,147)	$ (4,174,949)	$ 118,146,676

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

REDKNEE SOLUTIONS INC.

Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

Years ended September 30, 2015 and 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (10,006,575)	$ (39,897,525)
Adjustments for:		
Depreciation of property and equipment (note 10)	3,694,373	5,454,417
Amortization of intangible assets (note 9)	7,189,337	7,046,386
Finance income (note 7(b))	(31,633)	(45,129)
Finance costs (note 7(a))	5,172,039	3,047,129
Income tax expense	7,634,825	5,232,799
Unrealized foreign exchange loss	6,284,482	1,745,691
Share-based compensation	3,539,364	1,678,600
Pensions	1,768,978	1,708,874
Provisions	(16,272,604)	20,374,796
Revaluation of contingent consideration (note 5(c)(i)	1,962,921	(5,556,594)
Change in non-cash operating working capital (note 18)	(3,925,130)	(30,278,863)
	7,010,377	(29,489,419)
Interest paid	(412,465)	(70,602)
Interest received	31,727	49,504
Income taxes paid	(7,392,374)	(4,887,313)
	(762,735)	(34,397,830)
Financing activities:		
Proceeds from public offering (note 16(d))	–	63,833,834
Purchase of treasury stock (note 16(h))	(536,507)	–
Proceeds from exercise of stock options	231,106	577,694
Interest paid on loans and borrowings	(2,572,761)	(2,338,099)
Proceeds from loans and borrowings	12,463,507	13,500,000
Repayment of loans and borrowings	(1,575,000)	(750,000)
Transaction costs on loans and borrowings (note 14)	(1,280,254)	–
	6,730,091	74,823,429
Investing activities:		
Purchase of property and equipment	(2,774,266)	(3,271,622)
Purchase of intangible assets	(941,171)	(1,133,252)
Decrease (increase) in restricted cash	(5,090,147)	129,421
Payment of settlement accrual and contingent consideration (note 5(c)i)	(5,376,736)	(4,822,415)
Acquisition of businesses, net of cash acquired (note 5(a) and (b))	(40,312,896)	–
	(54,495,216)	(9,097,868)
Effect of foreign exchange rate changes on cash and cash equivalents	(5,061,360)	(1,745,691)
Increase (decrease) in cash and cash equivalents	(53,589,220)	29,582,040
Cash and cash equivalents, beginning of year	108,636,797	79,054,757
Cash and cash equivalents, end of year	$ 55,047,577	$ 108,636,797

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

Redknee Solutions Inc. (the "Company" or "Redknee") was incorporated under the Ontario Business Corporations Act in Canada on March 29, 1999. The Company's registered head office is located at 2560 Matheson Blvd East, Suite 500, Mississauga, Ontario, Canada. The Company is publicly traded on the Toronto Stock Exchange (TSX: RKN).

Redknee is a leading global provider of innovative communication software products, solutions and services. Redknee's revenue and subscriber management platform provides innovative converged billing, charging, customer care and payments solutions for voice, messaging and data services to over 250 service providers in over 90 countries. The Company's software products manage and analyze, in real-time, complex and critical network operations, such as service provisioning, network management and customer care, and provide real-time rating, charging and billing. The Company is the parent of the wholly owned operating subsidiary, Redknee Inc. and its various subsidiaries.

1. Statement of compliance:

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated financial statements for the year ended September 30, 2015 were authorized for issuance by the Board of Directors of the Company on December 2, 2015.

2. Significant accounting policies:

(a) Basis of measurement and presentation:

These consolidated financial statements have been prepared on a historical cost basis, except for:

- financial assets classified at fair value through profit and loss or as available-for-sale;
- contingent consideration for business combinations that is measured each period at fair value when cash-settled;
- embedded derivative liability, which is measured at fair value;

2. Significant accounting policies (continued):

- plan assets for defined benefit pension plan is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation and is limited as explained in note 16; and

- cash-settled share-based payments, which are measured at fair value.

(b) Basis of consolidation:

These consolidated financial statements include the financial statements of the Company, Redknee Inc. and its wholly owned subsidiary companies. All significant intercompany balances and transactions have been eliminated on consolidation.

(c) Functional currency:

The consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities not denominated in the functional currency are translated at the year-end rates of exchange. Foreign exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

(d) Use of judgments and estimates:

The preparation of consolidated financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the year in which the estimates are revised and may impact future years as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

2. Significant accounting policies (continued):

The following are critical accounting polices subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported consolidated results and consolidated financial position.

(i) Revenue recognition:

Key sources of estimation uncertainty:

In its determination of the amount and timing of revenue to be recognized, management relies on assumptions and estimates supporting its revenue recognition policy. Estimates of the percentage-of-completion for customer projects are based upon current actual and forecasted information and contractual terms.

Critical judgments in applying accounting policies:

A significant portion of the Company's revenue is generated from large, complex customer contracts. Management's judgment is applied regarding, among other aspects, the evaluation of multiple components within these arrangements to assess whether deliverables can be recognized separately for revenue recognition purposes. This includes whether software installation and implementation services have standalone value to the customer. In evaluating whether software is separable from services, the Company's judgments include, among other things, assessing the nature and complexity of the services, whether other vendors could provide the services, and the linkage of payments of software to delivery of services.

2. Significant accounting policies (continued):

(ii) Trade receivables:

Key sources of estimation uncertainty:

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. Credit risks for outstanding customer receivables are regularly assessed and allowances are recorded for estimated losses.

(iii) Deferred taxes:

Key sources of estimation uncertainty:

Deferred tax assets and liabilities are recognized for temporary differences and for tax loss carry forwards. The valuation of deferred tax assets is based on management's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry forwards may be utilized.

(iv) Accounting for business combinations:

Key sources of estimation uncertainty:

The determination and measurement of fair value of the net assets and liabilities acquired are based on management's best estimates and assumptions and utilizes established valuation methodologies.

(v) Estimate of useful lives of property and equipment and intangible assets:

Key sources of estimation uncertainty:

Useful lives over which assets are depreciated or amortized are based on management's judgment of future use and performance. Expected useful lives are reviewed annually for any change to estimates and assumptions.

2. Significant accounting policies (continued):

(vi) Contingent consideration:

Key sources of estimation uncertainty:

The contingent consideration liability, arising from the acquisition of Business Support Systems from Nokia at March 29, 2013, is measured at fair value each year. Management's estimates are required to assess the amount of estimated contingent consideration to be paid in future years, along with the estimated timing of when, such payments will be made.

(vii) Fair value estimates of share-based compensation:

Key sources of estimation uncertainty:

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as, internal estimates. In addition to the fair value calculation, the Company estimates the expected forfeiture rate with respect to equity-settled share-based payments based on historical experience.

(viii) Pension and non-pension post-employment benefit plans:

Key sources of estimation uncertainty:

The actuarial valuation of defined benefit obligation and fair value of plan assets require estimates, including discount rates applied to the Company's pension plan and non-pension post-employment benefit liabilities.

2. Significant accounting policies (continued):

(e) Revenue recognition:

(i) General:

The Company's revenue is derived primarily from licensing of software products under non-cancellable license agreements, the provision of related professional services (including installation, integration and training) and post-contract customer support ("PCS"). In certain cases, the Company also provides customers with hardware in conjunction with its software offerings.

Revenue comprises the fair value of consideration received or receivable from the sale or license of products or the provision of services in the ordinary course of business, net of discounts and sales taxes. Out-of-pocket expenditures that are contractually reimbursable from customers are recorded as gross revenue and expenditures.

(ii) Arrangements with multiple components:

The Company enters into arrangements that contain separately identifiable components, which may include any combination of software, services, PCS and/or hardware.

Where multiple transactions or contracts are linked, such that the individual transactions have no commercial effect on their own, the transactions are evaluated as a combined customer arrangement for purposes of revenue recognition. When two or more revenue-generating activities or deliverables are sold under an arrangement, each deliverable that is considered a separate component is accounted for separately. A deliverable is separately accounted for when a delivered item has standalone value from undelivered items based on the substance of the arrangement. When services are essential to the functionality of the software, the software does not have standalone value and is combined with the essential services as a single component.

2. Significant accounting policies (continued):

Where an arrangement includes multiple components, revenue is allocated to the different components based on their relative fair values or the residual method, as applicable. The Company generally uses optional stated renewal rates to evidence fair value of undelivered term-license/PCS services when the renewal fees and terms are substantive. When stated renewal rates do not exist for an arrangement, the Company considers fees charged on standalone PCS renewals in other similar arrangements to establish fair value. The Company typically evidences fair value for other products and services based on the pricing when those deliverables are sold separately. Where reasonable vendor-specific or third party inputs do not exist to reliably establish fair value, the Company allocates revenue based on its best estimate of selling price that the Company would transact at if the deliverable were sold on a standalone basis. For services, this includes the expected cost of delivery plus an estimated profit margin. Under the residual method, revenue is allocated to undelivered components of the arrangement based on their fair values and the residual amount of the arrangement revenue is allocated to delivered components.

The revenue policies below are applied to each separately identifiable component. Revenue associated with each component is deferred until the criteria required to recognize revenue have been met.

The Company recognizes revenue once persuasive evidence exists, generally in the form of an executed agreement, it is probable the economic benefits of the transaction will flow to the Company and revenue and costs can be measured reliably. If collection is not considered probable, revenue is recognized only once fees are collected.

(iii) Software licenses:

Revenue for combined licensed software and essential services are recognized using contract accounting, following the percentage-of-completion method. The Company uses either the ratio of hours to estimated total hours or the completion of applicable milestones, as appropriate, as the measure of its progress to completion on each contract. If a loss on a contract is considered probable, the loss is recognized at the date determinable.

Perpetual software licenses, when not combined with services for accounting purposes, are recognized upon delivery and commencement of the license term. Term licenses and software subscriptions are generally recognized ratably over the term of the subscription license.

2. Significant accounting policies (continued):

(iv) Other services:

Revenue for installation, implementation, training and other services, where not essential to the functionality of the software is recognized, as the services are delivered to the customer. Fixed fee services arrangements are recognized using the percentage-of-completion method based on labour input measures.

(v) Post-contract customer support:

PCS revenue is recognized ratably over the term of the PCS agreement.

(vi) Hardware:

Hardware revenue is recognized when delivery has occurred and risks and rewards have transferred to the customer.

(vii) Unbilled and deferred revenue:

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue in excess of contract billings is recorded, as unbilled revenue. Cash proceeds received in advance of performance under contracts are recorded, as deferred revenue. Deferred revenue is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from year end.

(viii) Deferred contract costs:

Up-front direct costs that relate to future activity on the contract are recognized, as an asset when it is probable that they will be recovered through future minimum payments specified in contractual agreements.

2. Significant accounting policies (continued):

(f) Net loss per common share:

Basic net loss per common share is computed by dividing loss for the year by the weighted average number of common shares outstanding during the year. Diluted net loss per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The diluted net loss per share calculation, excludes the impact of employee stock options, treasury shares and other potentially dilutive instruments as their inclusion would be anti-dilutive.

(g) Financial instruments:

The Company recognizes financial assets and financial liabilities when the Company becomes a party to the contractual provision of the instrument at fair value. Financial assets and financial liabilities, with the exception of financial instruments classified at fair value through profit or loss are measured at fair value plus transaction costs on initial recognition. Financial instruments at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

Measurement in subsequent periods depends on the classification of the financial instrument:

(i) Financial assets and financial liabilities at fair value through profit or loss ("FVTPL"):

Financial assets and financial liabilities are classified at FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets or liabilities. Financial assets and financial liabilities classified at FVTPL are measured at fair value, with changes recognized in the consolidated statements of comprehensive loss.

Cash and cash equivalents, restricted cash, embedded derivative liability and settlement accrual and contingent consideration liabilities are classified at FVTPL.

2. Significant accounting policies (continued):

(ii) Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are either designated, as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with subsequent changes in fair value, other than impairment losses, recognized in other comprehensive income (loss). Upon sale, the accumulated fair value adjustments recognized in other comprehensive income (loss) are transferred to profit or loss. There were none during the years ended September 30, 2015 and 2014.

(iii) Loans and receivables:

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default or other circumstances indicate deteriorating economic conditions.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition

Trade accounts and other receivables, are classified as loans and receivables.

(iii) Other financial liabilities:

Other financial liabilities are financial liabilities that are not derivative liabilities or classified at FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company's other financial liabilities include trade payables, accrued liabilities, provisions, loans and borrowings and other liabilities.

2. Significant accounting policies (continued):

(h) Cash and cash equivalents:

Cash and cash equivalents include balances with banks and highly liquid instruments with an original maturity of less than 90 days at issuance.

(i) Inventories:

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenditures. Inventories include hardware and software held by the Company and are only purchased when required by specific customer projects; the Company makes only minor modifications to the inventories before shipping to the customer.

(j) Property and equipment:

Property and equipment are measured at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 - 5 years or term of lease
Furniture, fixtures and lab equipment	3 - 5 years
Leasehold improvements	Shorter of term of lease or estimated useful lives

The estimated useful lives, depreciation method and residual values of each asset are evaluated annually, or more frequently, if required and are adjusted, if appropriate.

2. Significant accounting policies (continued):

(k) Leased assets:

Leases in which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Minimum lease payments made under finance leases are apportioned between finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability.

Other leases are operating leases and the leased assets are not recognized in the Company's statements of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of the total lease expense, over the term of the lease.

(l) Intangible assets:

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1 - 3 years
Acquired technology	5 - 10 years
Customer relationships	9 - 10 years

The amortization method, estimated useful lives and residual values are reviewed annually, or more frequently, if required and are adjusted, as appropriate.

2. Significant accounting policies (continued):

(m) Business combinations and goodwill:

Acquisitions of businesses are accounted for using the acquisition method. The acquiree's identifiable assets and liabilities are generally recognized at their fair values at the date of acquisition. Acquisition-related transaction costs are expensed as incurred. The fair value of contingent consideration that is considered part of consideration transferred is included in the total purchase price on the acquisition date. Contingent consideration classified as equity is not remeasured subsequent to the acquisition date (other than for measurement period adjustments) and its subsequent settlement is accounted for within equity. Contingent consideration that is liability classified and falls within the scope of International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement ("IAS 39"), is remeasured to fair value at each reporting date until the contingency is resolved, with changes in fair value recorded in other income.

Goodwill is recognized at the acquisition date as the excess of the fair value of consideration transferred less the net recognized amount (generally fair value) of identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Goodwill is not subject to amortization and is measured at cost less accumulated impairment losses.

The allocation of the purchase price to the net assets acquired may be adjusted to reflect new information obtained about facts and circumstances that exist at the acquisition date, up to a maximum of 12 months following the date of acquisition. Changes to the allocation of the purchase price during this measurement period are recognized retrospectively.

2. Significant accounting policies (continued):

(n) Impairment:

At each reporting date, the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Goodwill and indefinite-life intangible assets are tested annually for impairment. 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. Cash-generating units are the smallest identifiable groups of assets that generate cash inflows from the continuing use that are largely independent of the cash inflows of other assets or cash-generating units. For the purposes of assessing for indications of impairment and impairment testing, assets that do not generate largely independent cash inflows are grouped into cash-generating units. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss and allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash generating units), and then to reduce the carrying amounts of the other assets in the cash generating unit (group of cash generating units) on a pro rata basis.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount, with the exception of impairment losses on goodwill, which are not reversed. When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed what the carrying amount would have been had no impairment losses been recognized for the asset in prior years.

2. Significant accounting policies (continued):

(o) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract less the expected benefits to be derived by the Company.

(p) Research and development costs:

Internally generated expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized in profit or loss as an expense in the period in which they are incurred. Internally generated development costs are capitalized when the costs are expected to provide future benefits with reasonable certainty and the costs meet all the criteria for capitalization. No internal development costs have been capitalized as at September 30, 2015 and September 30, 2014.

2. Significant accounting policies (continued):

(q) Income taxes:

Income taxes comprise current and deferred tax. Current tax represents the expected tax payable on taxable income for the year using enacted or substantively enacted tax rates at the end of the reporting year, and any adjustments to tax payable related to prior years. Deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that realization is considered probable. The ultimate realization of deferred income tax assets is dependent on the generation of future taxable income during the years in which those temporary differences become deductible. Management considers projected future taxable income, uncertainties related to the industry in which the Company operates and income tax planning strategies in making this assessment. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(r) Investment tax credits ("ITCs"):

The Company is entitled to certain Canadian ITCs for qualifying research and development activities performed in Canada. The Company records ITCs when qualifying expenditures have been made, provided there is reasonable assurance that the credits will be realized. The amount of ITCs recorded can vary, based on estimates of future taxable income. These credits can be applied against income tax liabilities and are subject to a 20-year carryforward period or, in some cases, are refundable. Accrued ITCs are accounted for as a reduction of the related expenditures for items expensed in profit or loss or a reduction of the related asset's cost for items capitalized in the consolidated statements of financial position.

2. Significant accounting policies (continued):

(s) Employee benefits:

(i) Termination benefits:

Termination benefits are recognized at the earlier of recognizing costs for restructuring in the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), that includes the payment of termination benefits and when the Company can no longer withdraw the offer of those benefits. Termination benefits for voluntary redundancies are recognized if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If recognized termination benefits are payable more than 12 months after the reporting date, the liability is discounted to its present value.

(ii) Short-term employee benefits:

Employee benefit obligations are short-term in nature and are measured on an undiscounted basis and are recognized as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plan if the Company has a present legal or constructive obligation to pay this amount, as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based compensation:

The Company issues stock options, restricted share units ("RSUs") and performance share units ("PSUs") pursuant to several share-based compensation plans. Stock options and RSUs are settled with common shares of the Company. PSUs are settled with either cash or common shares of the Company. Compensation costs for options, RSUs and PSUs settled in equity are measured based on the grant date fair value of the award and recognized, net of estimated forfeitures over the vesting period with a corresponding credit to contributed surplus. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the period. Compensation cost for PSUs intended to be settled in cash is measured based on the fair value of the PSU liability at the reporting date.

2. Significant accounting policies (continued):

The Company also has a deferred share units ("DSUs") plan. The plan allows for settlement of DSUs by cash or other assets. The fair value of the Company's DSUs is recognized using the liability method. Since the DSUs will be settled in cash or other assets, the fair value of the vested DSUs is revalued each period until the settlement date and any changes in the fair value of the liability are recognized in profit or loss. The Company has recognized a liability in the consolidated statements of financial position for the total fair value of the vested DSUs included in other long-term liabilities.

(iv) Other long-term employee benefits:

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the year in which they arise.

(v) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are payable more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

2. Significant accounting policies (continued):

(vi) Defined benefit plans:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in their current and prior years. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan's liabilities. When the benefits of a plan are increased, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

(t) Segment reporting:

The Company has one reportable segment, the telecommunications software market. The single reportable operating segment derives its revenue from the sale of software products, related services and hardware.

3. New accounting pronouncements:

The following new standards and interpretations have been adopted by the Company effective October 1, 2014:

(a) IAS 32, Financial Instruments: Presentation ("IAS 32"). In December 2011, the IASB amended IAS 32 to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after October 1, 2014 and are required to be applied retrospectively.

The Company adopted the amendments to IAS 32 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on the condensed consolidated interim financial statements.

(b) International Financial Reporting Interpretations Committee ("IFRIC 21"), Levies ("IFRIC 21"). In May 2013, the IASB issued IFRIC 21, which provides guidance on when to recognize a liability for a levy imposed by a government , both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with relevant legislation. It provides the following guidance on recognition of a liability to pay levies: (i) the liability is recognized progressively if the obligating event occurs over a period of time; and (ii) if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The standard is effective for annual periods beginning on or after January 1, 2014 with early adoption permitted.

The Company adopted the amendments to IFRIC 21 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on these consolidated financial statements.

(c) Amendments to IFRS 7, Offsetting Financial Assets and Liabilities ("IFRS 7"):

IFRS 7 has been amended to include additional disclosure requirements for financial assets and liabilities that can be offset in the statements of financial position.

The Company adopted the amendments to IFRS 7 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on these consolidated financial statements.

3. New accounting pronouncements (continued):

(d) Recent accounting pronouncements:

The IASB has issued new standards and amendments to existing standards. These changes in accounting are not yet effective at September 30, 2015 and could have an impact on future periods.

- IFRS 9, Financial Instruments ("IFRS 9"). The IASB issued IFRS 9, which replaces IAS 39, and which establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exemptions. The Company is in the process of assessing the impact of this standard on its consolidated financial statements.

- IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The IASB issued IFRS 15, which is effective for annual periods beginning on or after January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time and over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company is in the process of assessing the impact of this standard on its consolidated financial statements.

(Expressed in U.S. dollars)

4. Financial instruments and capital management:

(a) Accounting classifications and fair values:

The Company adopts a three-level fair value hierarchy that reflects the significance of the inputs used to measure fair value. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the financial asset or financial liability that are not based on observable market data (i.e., unobservable inputs that represent the Company's own judgments about what assumptions market place participants would use in pricing the asset or liability developed, based on the best information available in the circumstances).

In the table below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date.

Financial assets and liabilities measured at fair value are summarized below:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents (Level 1)	$ 55,047,577	$ 55,047,577	$ 108,636,797	$ 108,636,797
Restricted cash (Level 1)	5,972,087	5,972,087	881,940	881,940
Settlement accrual and contingent consideration liability (Level 3)	10,244,224	10,244,224	14,454,527	14,454,527
Embedded derivative liability (other liabilities) (Level 2)	869,806	869,806	688,437	688,437

(Expressed in U.S. dollars)

4. Financial instruments and capital management (continued):

There were no transfers of financial assets between levels during the years ended September 30, 2015 and 2014.

Financial instruments are classified into one of the following categories: financial assets and financial liabilities FVTPL, loans and receivables, and other financial liabilities. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	2015	2014
Financial assets at FVTPL[a]	$ 61,019,664	$ 109,518,737
Loans and receivables[b]	67,439,885	71,393,983
Other financial liabilities[c]	113,588,948	118,521,619
Financial liabilities at FVTPL[d]	10,244,224	14,454,527

(a)Includes cash and cash equivalents and restricted cash;
(b)Includes trade accounts and other receivables;
(c) Includes trade payables, accrued liabilities, other long-term liabilities, current and long-term portions of loans and borrowings and provisions; and.
(d)Includes settlement accrual and contingent consideration.

The carrying values of trade accounts and other receivables, trade payables, accrued liabilities and provisions approximate fair values because of the short-term nature of these financial instruments.

The carrying values of settlement accrual and contingent consideration and other liabilities approximate fair values.

The carrying value of loans and borrowings with floating interest rates approximates fair value because the interest rates approximate market rates.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. The estimates are subjective in nature and involve uncertainties and matters of judgment.

4. Financial instruments and capital management (continued):

(b) Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(i) Risk management framework:

The Board of Directors has the overall responsibility and oversight of the Company's risk management practices. The Company does not follow a specific risk model, but rather includes risk management analysis in all levels of strategic and operational planning. The Company's management, specifically the Senior Leadership Team, is responsible for developing and monitoring the Company's risk strategy. The Company's management reports regularly to the Board of Directors on its activities.

The Company's management identifies and analyzes the risks faced by the Company. Risk management strategy and risk limits are reviewed regularly to reflect changes in the market conditions and Company's activities. The Company's management aims to develop and implement a risk strategy that is consistent with the Company's corporate objectives.

(Expressed in U.S. dollars)

4. Financial instruments and capital management (continued):

(ii) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from banks and customers.

The Company has credit risk relating to cash and cash equivalents and restricted cash, which it manages by dealing with large chartered Canadian and international banks and investing in highly liquid investments of a rating of no less than R1, the credit rating assigned to those who pay on time.

The Company's exposure to credit risk geographically for cash and cash equivalents and restricted cash as at September 30 was as follows:

	2015	2014
Europe, Middle East and Africa	56%	54%
North America, Latin America and Caribbean	23%	40%
Asia and Pacific Rim	21%	6%
	100%	100%

For the year ended September 30, 2015, the Company had one customer that accounted for 11% (2014 - 12%) of revenue. In order to minimize the risk of loss for trade receivables, the Company's extension of credit to customers involves review and approval by senior management, as well as, progress payments as contracts are performed.

Credit reviews take into account the counterparty's financial position, past experience and other factors. Management regularly monitors customer credit limits. The Company believes that the concentration of credit risk from trade receivables is limited, as they are widely distributed among customers in various countries.

The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by making an allowance for doubtful accounts, as soon as, the account is perceived not to be fully collectible.

(Expressed in U.S. dollars)

4. Financial instruments and capital management (continued):

The Company's trade receivables had a carrying value of $60,434,505 as at September 30, 2015 (2014 - $67,668,223), representing the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts. Normal credit terms for amounts due from customers varies based upon the size of the customer, type of revenue and geographic region, and generally call for payment within 30 to 120 days. At September 30, 2015, approximately 19.6% of gross trade receivables, or $13,967,086 was outstanding for more than 120 days (2014 - 19.9% in the amount of $14,841,753). The activity of the allowance for doubtful accounts for the year ended September 30 is as follows:

	2015	2014
Allowance for doubtful accounts, beginning of year	$ 4,349,586	$ 2,062,902
Bad debt (recovery) expense	(869,599)	2,388,198
Write-off bad debts	(1,795,086)	(101,514)
Allowance for doubtful accounts, end of year	$ 1,684,901	$ 4,349,586

Allowance for doubtful accounts is charged to general and administrative expense. Estimates for allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each consolidated statement of financial position reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern risks.

The Company's exposure to credit risk for trade receivables by geographic area as at September 30 was as follows:

	2015	2014
Europe, Middle East and Africa	36%	57%
North America, Latin America and Caribbean	15%	13%
Asia and Pacific Rim	49%	30%
	100%	100%

(Expressed in U.S. dollars)

4. Financial instruments and capital management (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities as at September 30, 2015 will mature as follows:

	Less than 1 year	1 - 2 years	2 years and thereafter
Trade payables	$ 9,128,710	$ –	$ –
Accrued liabilities	32,305,136	–	–
Loans and borrowings	1,800,000	3,000,000	51,961,066
Settlement accrual and contingent consideration	10,244,224	–	–
Provisions	8,772,519	2,003,177	2,003,171
Other liabilities	–	–	2,615,163
	$ 62,250,589	$ 5,003,177	$ 56,579,406

The Company also has contractual obligations in the form of operating leases (note 21(a)).

Management believes the Company's existing cash and cash equivalents, restricted cash and cash from operating and financing activities will be adequate to support all of its financial liabilities and contractual commitments as they come due.

(iv) Market risk:

Market risk is the risk that the value of the Company's financial instruments will fluctuate due to changes in the market risk factors. The market risk factors which affect the Company are foreign currency and interest rates.

4. Financial instruments and capital management (continued):

Foreign currency risk:

The Company conducts a significant portion of its business activities in foreign countries. Foreign currency risk arises because of fluctuations in foreign currency exchange rates. The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by converting foreign-denominated cash balances into U.S. dollars to the extent practical to match U.S. dollar obligations. The monetary assets and liabilities that are denominated in foreign currencies are affected by changes in the exchange rate between the U.S. dollar and these foreign currencies. The Company recognized a foreign currency exchange loss of $9,948,211 during the year ended September 30, 2015 (2014 - loss of $5,590,285).

The following is the Company's exposure to foreign currency risk for significant currencies:

	Currency of exposure in U.S. dollars		
2015	CAD	Euro	British Pound
Cash and cash equivalents	$ 6,481,191	$ 13,175,182	$ 603,270
Trade accounts and other receivables	5,340	19,466,154	730,937
Restricted cash	228,999	5,307,601	134,805
Trade payables	(2,865,412)	(908,833)	–
Accrued liabilities	(5,570,973)	(19,856,212)	(9,368)
Settlement accrual and contingent consideration	–	(10,244,224)	–
Gross exposure	$ (1,720,855)	$ 6,939,668	$ 1,459,644

4. Financial instruments and capital management (continued):

	Currency of exposure in U.S. dollars		
2014	CAD	Euro	British Pound
Cash and cash equivalents	$ 33,361,605	$ 20,233,700	$ 5,940,181
Trade accounts and other receivables	1,426,900	18,109,350	2,742,100
Restricted cash	–	881,940	–
Trade payables	(2,211,788)	(1,222,001)	–
Accrued liabilities	(11,000,518)	(3,473,587)	(12,669)
Settlement accrual and contingent consideration	–	(14,454,527)	–
Gross exposure	$ 21,576,199	$ 20,074,875	$ 8,669,612

If a shift in foreign currency exchange rates of 10% were to occur, the foreign currency exchange gain or loss on the Company's net monetary assets could change by approximately $3,278,418 (2014 - $8,561,192) due to the fluctuation and this would be recorded in the consolidated statements of comprehensive loss.

Interest rate risk:

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash and cash equivalents, restricted cash and certain loans and borrowings. If a shift in interest rates of 10% were to occur, the impact on cash and cash equivalents and restricted cash and the related income for the year ended September 30, 2015, would not be material. On the loans and borrowings, an incremental increase or decrease in the LIBOR rate by 10%, will impact interest expense by approximately $261,065.

4. Financial instruments and capital management (continued):

(c) Management of capital:

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed of share capital and credit used plus credit available under certain credit facilities, which assist in financing: (i) acquisitions and/or (ii) working capital requirements. The Company's primary uses of capital are financing its operations, increases in non-cash working capital, capital expenditures, debt repayments and acquisitions. The Company currently funds these requirements from cash flows from operating activities, cash raised through past share issuances, and a senior secured credit facility. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity so it can provide services to its customers and increase shareholder value. Management monitors its compliance with financial and non-financial covenants imposed by loan agreements on a quarterly basis and has no externally imposed capital requirements.

5. Business acquisition:

(a) Acquisition of Orga Systems:

On July 31, 2015, the Company completed the acquisition (the "Acquisition") of Orga Systems ("Orga"). Orga Systems provides monetization solutions to approximately 45 customers in the communications, automotive, energy, and railway industries. As part of the acquisition, the Company acquired Orga's customer and supplier contracts, intellectual property rights, fixed assets and certain liabilities, along with highly skilled team of approximately 500 employees across Europe, Middle East, and Africa ("EMEA"), the Americas and Asia Pacific, further broadening its global reach.

The acquisition has been accounted for as a business combination under the purchase method. The results of the operations of the Orga business since the date of the acquisition have been consolidated.

5. Business acquisition (continued):

(i) Consideration transferred:

The Company financed the acquisition with cash. The consideration for the Acquisition was €38,000,000 in gross proceeds. Also on the closing date, the Company received cash from the vendors of approximately €650,960 relating to the vendor's tax liability on the sale of the subsidiary's shares that will be remitted by the Company to the appropriate tax authorities and €630,000 for restructuring costs relating to certain employees that will be terminated by the Company post acquisition.

(ii) Identifiable assets acquired and liabilities assumed:

The preliminary allocation of the purchase price to the fair values of the assets acquired and liabilities assumed upon acquisition are as follows:

	Purchase price allocation (Euros)	Purchase price allocation (U.S. dollars)
Net assets acquired:		
Cash and cash equivalents	€ 3,074,577	$ 3,383,800
Trade accounts and other receivables	7,908,696	8,703,995
Unbilled revenue	5,072,257	5,582,323
Other assets	1,309,668	1,441,379
Property and equipment and intangible assets	1,877,998	2,066,850
Deferred income taxes	2,479,032	2,728,324
Trade payables and accrued liabilities	(6,151,083)	(6,769,636)
Other liabilities	(135,004)	(148,580)
Deferred revenue	(6,057,192)	(6,666,303)
Provisions	(6,664,589)	(7,334,780)
Pension and non-pension post-employment benefit obligation	(486,024)	(534,899)
	2,228,336	2,452,473
Acquired intangible assets:		
Customer relationships	9,500,000	10,455,320
Acquired technology	5,200,000	5,722,912
Goodwill	21,071,664	23,190,620
	35,771,664	39,368,852
	€ 38,000,000	$ 41,821,325

5. Business acquisition (continued):

The Company applied significant estimates and assumptions in accounting for the acquisition of Orga relating to the preliminary allocation of the purchase price, valuation of intangible assets, valuation of accounts receivable and other valuations used in the business acquisition, such as deferred revenue and contract loss provisions.

The Company allocated €14,700,000 ($16,178,232) to intangible assets, including customer relationships and developed technology based on their estimated fair values at the date of purchase. These intangible assets will be amortized over their estimated useful lives, expected to be in the range of 5 to 10 years. The useful lives of the intangible assets are to be determined as the period of time over which the assets are anticipated to contribute to the Company future cash flows. It is expected that the intangible assets will be deductible for tax purposes.

The fair value of the intangible assets and goodwill has been determined provisionally pending completion of an independent valuation.

(iii) Goodwill:

A goodwill of $23,190,630 was recognized in this business combination, due to the acquisition price being higher than the estimated fair market value of the net assets acquired. .

(iv) Other items:

During the year ended September 30, 2015, the Company incurred acquisition and related costs of $1,598,605 (2014 - nil), which included expenses for legal, professional and other costs. These costs have been presented separately as acquisition and related costs in the consolidated statements of comprehensive loss.

Since acquisition date, revenue in the amount of $6,998,217 and net loss of $631,892 for Orga has been included in the consolidated statements of comprehensive loss.

5. Business acquisition (continued):

If the acquisition would have occurred on October 1, 2014, management estimates that the pro forma consolidated revenue for the year ended September 30, 2015, would have been $257,731,495 and consolidated loss for the year ended September 30, 2015, would have been $13,166,035, as compared to the amounts reported in the statement of comprehensive income for the period. This unaudited pro forma financial information is for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the result that may be realized in the future.

(b) Acquisition of a product line:

On September 30, 2015, the Company acquired certain intellectual property and approximately ten employees from a vendor in the communications technology industry for gross proceeds of €1,680,000 ($1,875,371), which was paid in cash. The product line acquired from the vendor is part of the Company's end-to-end software solution, and was previously licensed from the vendor. The Company has recorded the transaction as a business combination and has allocated $1,875,371 to acquired technology assets based on fair value. The Company incurred $49,872 in legal costs, which have been charged to acquisition and related costs in the consolidated statements of comprehensive loss.

There would be no material change to the Company's gross revenue or loss for the year ended September 30, 2015, had the acquisition been completed at the beginning of the fiscal year on a pro forma basis.

5. Business acquisition (continued):

(c) Acquisition of BSS:

On March 29, 2013, the Company acquired Nokia Networks' Business Support Systems ("BSS") business. Nokia Networks' BSS business provided real-time charging, rating, policy and customer care solutions to more than 130 communication service providers. The completion of this acquisition marked a significant milestone in Redknee's long-term growth strategy by adding strong long-standing relationships with multiple Tier-1 operators from across the globe.

(i) Settlement accrual and contingent consideration:

As part of the BSS acquisition, the Company agreed to pay additional consideration of up to a maximum of €25,000,000 for certain performance-based cash earn-outs over 12 to 48 months post-closing.

On June 23, 2015, the Company entered into an agreement with Nokia Networks to settle all outstanding matters related to the acquisition of the BSS business including finalization of the contingent consideration. As a result of this final settlement, an incremental amount of $3,650,062 was charged to acquisition and related costs in the consolidated statement of comprehensive loss. The final settlement amount payable to Nokia Networks was $15,620,960 and is payable within one year. An amount of $5,376,736, net of foreign exchange impacts was paid during the year ended September 30, 2015 and the balance $10,244,224 is presented as a settlement accrual on the consolidated statements of financial position as at September 30, 2015.

(ii) Other items:

During the year ended September 30, 2015, the Company incurred direct acquisition and related costs of $913,683 (2014 - $7,197,617), which included expenses for legal, professional, restructuring and other costs. These costs have been charged to acquisition and related costs in the consolidated statements of comprehensive loss.

Other income includes revaluation of the contingent consideration of nil for the year ended September 30, 2015 (2014 - $4,065,422).

(Expressed in U.S. dollars)

6. Operating expenditures, excluding acquisition and related costs and restructuring costs:

The Company presents functional consolidated statements of comprehensive loss in which expenditures are aggregated according to the function to which they relate. The Company has identified the major functions as sales and marketing, general and administrative and research and development activities.

2015	Sales and marketing	General and administrative	Research and development	Total
Personnel expenditures	$ 23,616,857	$ 12,926,183	$ 35,528,512	$ 72,071,552
Other operating expenditures	10,335,003	7,737,230	10,963,786	29,036,019
Depreciation and amortization	176,522	7,701,538	1,537,972	9,416,032
	$ 34,128,382	$ 28,364,951	$ 48,030,270	$ 110,523,603

2014	Sales and marketing	General and administrative	Research and development	Total
Personnel expenditures	$ 26,602,544	$ 9,738,999	$ 44,875,661	$ 81,217,204
Other operating expenditures	10,944,461	15,172,357	16,034,534	42,151,352
Depreciation and amortization	52,554	7,476,355	1,304,132	8,833,041
	$ 37,599,559	$ 32,387,711	$ 62,214,327	$ 132,201,597

7. Finance costs and finance income:

(a) Finance costs:

	2015	2014
Interest expense on loans and borrowings (note 15)	$ 3,111,069	$ 2,759,351
Amortization of deferred financing costs	391,394	515,520
Embedded derivative and related accretion	388,407	(380,764)
Other finance costs	1,281,169	153,022
	$ 5,172,039	$ 3,047,129

(b) Finance income:

Finance income, includes interest income on bank accounts and term deposits of $31,633 for the year ended September 30, 2015 (2014 - $45,129).

(Expressed in U.S. dollars)

8. Cash and cash equivalents:

	2015	2014
Cash	$ 55,003,802	$ 108,356,746
Cash equivalents	43,775	280,051
	$ 55,047,577	$ 108,636,797

9. Trade accounts and other receivables:

	2015	2014
Trade receivables, net of allowance for doubtful accounts (note 4(b)(i))	$ 58,749,604	$ 63,318,637
Other receivables (a)	8,017,424	7,344,753
Employee receivables (b)	672,857	730,593
	$ 67,439,885	$ 71,393,983

(a) The other receivables balance mainly includes other receivables that were a part of the initial net working capital acquired through the Orga acquisition. (2014 – mainly related to BSS acquisition)

(b) Employee receivables represent advances for business travel.

(Expressed in U.S. dollars)

10. Property and equipment:

	Computer equipment	Furniture, fixtures and lab equipment	Leasehold improvements	Total
Cost				
Balance, September 30, 2013	$ 2,349,900	$ 12,821,941	$ 1,470,123	$ 16,641,964
Additions	501,862	2,267,245	502,515	3,271,622
Balance, September 30, 2014	2,851,762	15,089,186	1,972,638	19,913,586
Additions	516,229	2,284,866	1,035,348	3,836,443
Balance, September 30, 2015	$ 3,367,991	$ 17,374,052	$ 3,007,986	$ 23,750,029
Accumulated depreciation				
Balance, September 30, 2013	$ 1,655,644	$ 3,570,703	$ 524,707	$ 5,751,054
Depreciation	217,555	4,807,005	429,857	5,454,417
Balance, September 30, 2014	1,873,199	8,377,708	954,564	11,205,471
Depreciation	431,702	2,763,186	499,485	3,694,373
Foreign exchange impact	48,515	310,530	56,132	415,177
Balance, September 30, 2015	$ 2,353,416	$ 11,451,424	$ 1,510,181	$ 15,315,021
Net book values				
September 30, 2014	$ 978,563	$ 6,711,478	$ 1,018,074	$ 8,708,115
September 30, 2015	1,014,575	5,922,628	1,497,805	8,435,008

(Expressed in U.S. dollars)

11. Intangible assets:

	Computer software	Acquired technology	Customer relationships	Total
Cost				
Balance, September 30, 2013	$ 2,856,872	$ 25,728,181	$ 18,009,832	$ 46,594,885
Additions	1,133,252	–	–	1,133,252
Balance, September 30, 2014	3,990,124	25,728,181	18,009,832	47,728,137
Additions	1,945,844	7,598,283	10,455,320	19,999,447
Balance, September 30, 2015	$ 5,935,968	$ 33,326,464	$ 28,465,152	$ 67,727,584
Accumulated amortization				
Balance, September 30, 2013	$ 2,285,050	$ 3,556,792	$ 2,020,596	$ 7,862,438
Amortization	366,253	4,878,886	1,801,247	7,046,386
Balance, September 30, 2014	2,651,303	8,435,678	3,821,843	14,908,824
Amortization	855,935	4,557,476	1,775,926	7,189,337
Foreign exchange impact	96,191	512,174	199,580	807,945
Balance, September 30, 2015	$ 3,603,429	$ 13,505,328	$ 5,797,349	$ 22,906,106
Net book values				
Balance, September 30, 2014	$ 1,338,821	$ 17,292,503	$ 14,187,989	$ 32,819,313
Balance, September 30, 2015	2,332,539	19,821,136	22,667,803	44,821,478

12. Other assets:

	2015	2014
Deferred contract costs - current (a)	$ 392,195	$ 898,871
Deferred contract costs - non-current (a)	265,507	1,484,559
Lease deposits - non-current	1,551,133	605,129
	1,816,640	2,089,688
	$ 2,208,835	$ 2,988,559

(a) The Company recognized up-front direct costs related to one customer contract as an asset. It is probable that these assets will be recovered through future minimum contractual payment terms. During the year ended September 30, 2015, $1,725,728 was amortized (2014 - $1,048,390).

(Expressed in U.S. dollars)

13. Related party transactions:

Compensation of key management personnel:

Key management personnel comprise the Company's directors and executive officers.

The aggregate remuneration of key management personnel during the year ended September 30, 2015 is as follows:

	2015	2014
Salaries and employee benefits	$ 3,088,810	$ 2,655,868
Share-based compensation (a)	2,561,096	1,611,067
	$ 5,649,906	$ 4,266,935

(a) Share-based compensation include cash-settled and equity-settled awards, as described in note 2(s)(iii).

14. Loans and borrowings:

	2015	2014
Term loan (effective August 4, 2015), bearing interest at LIBOR floor of 1.00% plus applicable margin	$ 59,550,000	$ –
Line of credit, bearing interest at LIBOR floor of 1.25% plus applicable margin	–	19,411,493
Term loan A (effective May 1, 2013), bearing interest at LIBOR floor of 1.25% plus applicable margin	–	14,625,000
Term loan B (effective August 1, 2013), bearing interest at LIBOR floor of 1.25% plus applicable margin	–	14,625,000
	59,550,000	48,661,493
Less embedded derivative at inception	1,206,496	1,343,152
	58,343,504	47,318,341
Less unamortized deferred financing costs	2,053,227	1,164,367
Add loan accretion	470,789	405,739
	56,761,066	46,559,713
Less current portion of loans and borrowings	1,800,000	750,000
Long-term portion of loans and borrowings	$ 54,961,066	$ 45,809,713

14. Loans and borrowings (continued):

On August 4, 2015, the Company entered into an amended and restated credit agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company and its two partners the Royal Bank of Canada (RBC) and Capital One. The amended credit agreement added to the Company's existing credit facility, increasing the revolving line of credit to $40,000,000 and the term loan to $60,000,000 for a total credit facility in the amount of $100,000,000. The Company is using the facility to strengthen its working capital position following the acquisition of Orga and to position Redknee for future growth opportunities. The availability of the debt facility is subject to customary conditions precedent.

The Company uses the credit facilities for working capital, general corporate purposes, capital expenditures and for potential acquisitions. The credit facilities will be secured by the assets of Redknee Inc., Redknee Solutions (UK) Limited ("Redknee UK") and Redknee Germany GmbH ("Redknee Germany"). The Company, Redknee UK, and Redknee Germany have guaranteed the obligations of Redknee Inc. The Company's guarantee is secured by a pledge of all of its shares in Redknee Inc.

As at September 30, 2015, $59,550,000 (2014 - $48,661,493) is outstanding and principal and interest is payable quarterly over the term of five years, maturing August 4th, 2020. In prior periods, the Company incurred $2,002,980 of transaction costs and has recorded these costs as deferred financing costs that are being amortized over the expected five-year term of the loans using the effective interest rate method. Additional transactions costs of $1,280,254 related to the extended facility was recorded as deferred financing costs and are being amortized over the expected five-year term of the loan using the effective interest rate method. During the year ended September 30, 2015, $391,394 of deferred financing fees was amortized (2014 - $515,520).

Interest is at LIBOR plus an applicable margin, which was 4.0% at September 30, 2015 and 2014. LIBOR is defined to have a floor of no less than 1.00%, which has been determined to be an embedded derivative. The fair value of the embedded derivative liability is estimated at $869,806 at September 30, 2015 (2014 - $688,437), using the assumption that the expected repayment of this line of credit will be at maturity and repayment of the term loans are per the repayment terms. The change in fair value of $181,369 for the year ended September 30, 2015 (2014 - $212,133) was recorded in finance costs in the consolidated statements of comprehensive loss. The embedded derivative liability is included in other liabilities in the consolidated statements of financial position.

14. Loans and borrowings (continued):

For the year ended September 30, 2015, interest expense of $3,111,069 (2014 - $2,759,351) in connection with loans payable has been recognized in the consolidated statements of comprehensive loss.

The Company is required to comply with certain financial and non-financial covenants that exist under the Wells Fargo agreement, which, if violated, could result in the amounts borrowed being due and payable to the lender on demand. The Company has assessed its debt covenants as at September 30, 2015 and 2014 and determined it is in compliance.

15. Pension and other long-term employment benefit plans:

As a result of the acquisition of the BSS business in 2013, the Company acquired a number of employees and assumed the corresponding liabilities relating to pension and non-pension post-employment benefit plans in Germany, as well as, other countries.

In Germany, there are a number of pensions and post-employment benefit plans, including a cash balance plan that provides benefits on retirement, disability and death, a salary sacrifice plan, as well as, other post-employment benefit schemes. The liabilities relating to the German pension and post-employment benefit plans were fully funded by Nokia Networks as at the acquisition date of March 29, 2013. The plan assets are held in a separate Contractual Trust Arrangement with Deutsche Pensions Treuhand GmbH. The German pension plans operate under the legal framework of the German Company Pension Law and under the German Labour Law.

The other post-employment employee benefit plans relate to a number of other countries, including Austria, Bulgaria, India, Indonesia, Philippines, Saudi Arabia, Tanzania and UAE. These plans are generally unfunded. The Company's pensions and post-employment benefit plans are subject to risks from changes in the market discount rate, the rate of salary and pension increases and longevity. A lower discount rate results in a higher defined benefit obligation and/or higher benefit costs.

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

The Company has assessed the valuation for pension and non-pension post-employment benefits. Pension fund assets are invested primarily in fixed income and equity securities. The Company's pension funds do not invest directly in the Company's shares, but may invest indirectly, as a result of the inclusion of the Company's shares in certain market investment funds. These plan assets are maintained in segregated accounts by a custodian that is independent from the fund managers. The Company believes that the counterparty credit risk is low.

	2015	2014
German plans		
Fair value of plan assets (a)	$ (22,721,097)	$(25,793,987)
Present value of obligations (b)	31,273,198	33,370,976
Total German employee benefit liability (asset)	8,552,101	7,576,989
Other plans		
Fair value of plan assets (a)	(420,039)	(137,319)
Present value of obligations (b)	3,285,419	2,819,230
Total other employee benefit liability	2,865,380	2,681,911
Total employee benefit liability	$ 11,417,481	$ 10,258,900

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

The following tables analyze plan assets, present value of defined benefit obligations, expense recognized in profit or loss, actuarial assumptions and other information for the German plans and other plans.

(a) Plan assets:

Plan assets comprise:

	2015			2014		
	Germany	Other	Total	Germany	Other	Total
Short-term Eurozone bonds	$ 21,002,514	$ –	$21,002,514	$ 24,034,154	$ –	$ 24,034,154
Mixed funds	1,282,977	–	1,282,977	1,592,572	–	1,592,572
Money market funds	–	420,039	420,039	–	137,319	137,319
Cash	435,606	–	435,606	167,261	–	167,261
Fair value of plan assets	$ 22,721,097	$420,039	$23,141,136	$ 25,793,987	$ 137,319	$ 25,931,306
Return on plan assets	$ (696,145)	$ –	$ (696,145)	$ 246,912	$ –	$ 246,912

All asset classes in which plan assets are invested are traded freely and have quoted market prices in an active market.

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

(b) Movement in the present value of the defined benefit obligations:

	2015			2014		
	Germany	Other	Total	Germany	Other	Total
Defined benefit obligations at October 1	$ 33,370,976	$ 2,819,230	$ 36,190,206	$ 25,347,634	$ 2,364,620	$ 27,712,254
Current service cost	1,599,370	266,564	1,865,934	1,694,303	221,634	1,915,937
Assumed defined benefit obligation on acquisition at July 31, 2015	–	537,807	537,807	–	–	–
Curtailment gain	–	–	–	(166,492)	–	(166,492)
Interest costs	783,077	173,388	956,465	965,833	140,743	1,106,576
Contribution by plan participants	42,220	–	42,220	70,167	–	70,167
Benefits paid	(32,170)	(218,369)	(250,539)	–	(163,321)	(163,321)
Increase (decrease) due to effect of any business combinations/divestitures/transfers	–	84,486	84,486	–	–	–
Actuarial losses (gains) in other comprehensive income	(556,996)	(173,776)	(730,772)	7,795,862	403,653	8,199,515
Gain on movement in exchange rates	(3,933,279)	(203,911)	(4,137,190)	(2,336,331)	(148,099)	(2,484,430)
Defined benefit obligations at September 30	$ 31,273,198	$ 3,285,419	$ 34,558,617	$ 33,370,976	$ 2,819,230	$ 36,190,206

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

(c) Movement in the fair value of plan assets:

	2015			2014		
	Germany	Other	Total	Germany	Other	Total
Fair value of plan assets at October 1	$ 25,793,987	$ 137,319	$ 25,931,306	$ 26,770,358	$ 127,561	$ 26,897,919
Contributions paid by plan participants	42,220	–	42,220	70,167	–	70,167
Assumed defined benefit obligation on acquisition at July 31, 2015	–	420,039	420,039	–	–	–
Contributions paid by the employer	21,616	218,369	239,985	–	163,321	163,321
Benefits paid by the plan	(32,170)	(218,369)	(250,539)	–	(163,321)	(163,321)
Interest income from plan assets	610,072	–	610,072	1,020,043	9,758	1,029,801
Return on plan assets	(696,145)	–	(696,145)	(246,912)	–	(246,912)
Write-off	–	(137,319)	(137,319)	–	–	–
Gain (loss) on movement in exchange rates	(3,018,483)	–	(3,018,483)	(1,819,669)	–	(1,819,669)
Fair value of plan assets at September 30	$ 22,721,097	$ 420,039	$ 23,141,136	$ 25,793,987	$ 137,319	$ 25,931,306

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

(d) Expense recognized in profit or loss:

	2015			2014		
	Germany	Other	Total	Germany	Other	Total
Current service cost	$ 1,599,370	$ 266,564	$ 1,865,934	$ 1,694,303	$ 221,634	$ 1,915,937
Curtailment gain	–	–	–	(166,492)	–	(166,492)
Finance costs	173,005	173,388	346,393	(54,210)	130,985	76,775
	$ 1,772,375	$ 439,952	$ 2,212,327	$ 1,473,601	$ 352,619	$ 1,826,220

The expense is recognized in the following line items in the consolidated statements of comprehensive loss:

	2015	2014
Cost of revenue	$ 562,547	$ 720,372
Research and development	1,041,913	940,194
General and administrative	108,065	38,783
Sales and marketing	153,409	50,096
Finance costs	346,393	76,775
	$ 2,212,327	$ 1,826,220

(e) Actuarial assumptions:

The determination of the value of the liabilities for defined benefit plans is based upon statistical and actuarial valuations. In particular, the present value of the defined benefit obligation is driven by financial variables (such as, the discount rates or future increases in salaries) and demographic variables (such as, mortality and employee turnover). The actuarial assumptions may differ significantly from the actual circumstances and could lead to different cash flows. The following are the principal actuarial assumptions:

	2015		2014	
	Germany	Other	Germany	Other
Discount rate	2.60%	6.35%	2.60%	7.54%
Future salary increases	2.75%	6.92%	2.75%	8.18%
Future pension increases	2.00%	n/a	2.00%	n/a

(Expressed in U.S. dollars)

15. Pension and other long-term employment benefit plans (continued):

Assumptions regarding future mortality are based on published statistics and mortality tables based on statistical information available in the various countries. In Germany, the Heubeck 2005G mortality tables were used. The calculation of the pension liabilities at September 30, 2015 and 2014 in Germany, is based on a discount rate determined using the Mercer Yield Curve approach for an average duration of 19 years.

The following table shows the effects of possible changes in the actuarial assumptions on the present value of the obligation from defined benefit pension plans that are analysed. A change in the discount rate by 50-basis-points, as well as, a change in the pension increase rate by 50-basis-points is considered for German plans. In addition, the average duration of the obligation is shown:

Effect on defined benefit obligation	50-basis-points increase	50-basis-points decrease
On discount rate	$ 28,751,847	$ 34,033,291
On pension rate increase	32,949,063	29,624,876
Weighted average duration of defined benefit obligation	16.35	17.37

16. Capital stock:

(a) Authorized:

Unlimited preferred shares
Unlimited voting common shares

(Expressed in U.S. dollars)

16. Capital stock (continued):

(b) Loss per common share:

A reconciliation of the number of common shares used for purposes of calculating basic and diluted loss per common share for the year ended September 30 is as follows:

	2015	2014
Basic weighted average number of common shares outstanding	109,111,052	102,921,881
Effect of dilutive securities	–	–
Diluted weighted average number of common shares outstanding	109,111,052	102,921,881

Due to the losses for the years ended September 30, 2015 and 2014, all options were excluded from the calculation of diluted loss per common share as their inclusion would be anti-dilutive. The total number of options that were excluded from the calculation for the year ended September 30, 2015 is 7,780,332 (2014 - 4,655,996).

(c) Normal course issuer bid ("NCIB"):

On May 30, 2014, the Company announced an NCIB under which it may have purchased up to 9,358,502 of its common shares commencing on June 3, 2014, which terminated on June 2, 2015. The Company did not purchase any common shares under the NCIB.

On December 2, 2015, the Company announced an NCIB under which it may purchase up to 9,437,270 of its common shares commencing on December 7, 2015, and expiring on December 6, 2016.

(d) Bought deal financing:

On March 13, 2014, the Company completed an offering of 12,820,520 common shares (the "Common Shares") of the Company at a price of CAD $5.85 per Common Share for aggregate gross proceeds of $67,490,288 (CAD $75,000,042) (the "Offering"). The Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by GMP Securities L.P. and Canaccord Genuity Corp.

The Common Shares were offered by way of a short-form prospectus filed in all provinces of Canada.

(Expressed in U.S. dollars)

16. Capital stock (continued):

Transaction costs directly associated with this issuance of shares of $3,656,454 (CAD $3,750,002) have been recognized as a reduction of the proceeds.

(e) Share unit plan:

On July 29, 2010, the Company established a share unit plan for the purpose of providing additional compensation for certain employees, officers or consultants. Units granted under the share unit plan may be PSUs or RSUs.

PSUs granted are subject to vesting contingent on the achievement of performance conditions based on certain Company performance metrics. The related compensation expense is recognized over the related service period, which is based on management's best estimate of the outcome of the performance conditions.

During 2015, the Company granted 795,646 (2014 - 353,730) PSUs under the share unit plan to employees at a weighted average price of CAD $3.50 (2014 - CAD $6.28) per unit, resulting in an expense of $718,994 (2014 - $510,366).

RSUs are subject to a vesting term at the compensation committee's discretion provided that the vesting term does not exceed three years from the grant date. The associated stock-based compensation is measured at fair value and is amortized over the appropriate vesting period using the straight-line method.

During 2015, the Company granted no RSUs (2014 - 25,167) to non-directors under the share unit plan. The weighted average price of RSU's granted in 2014 was CAD $5.42 per unit. In 2015, the Company recognized compensation cost of $89,640 (2014 - $266,160) relating to these RSUs.

	PSUs		RSUs	
Restricted Share Units	2015	2014	2015	2014
Outstanding, beginning of year	353,730	1,065,268	240,682	303,743
Settled in cash	(34,380)	(1,065,268)	(5,250)	–
Settled in equity	(17,042)	–	(108,526)	(88,228)
Granted	795,646	353,730	–	25,167
Forfeited	(69,084)	–	(30,892)	–
Outstanding, end of year	1,028,870	353,730	96,014	240,682

(Expressed in U.S. dollars)

16. Capital stock (continued):

The fair value of RSUs and PSUs granted during the year are established based on the fair value of the underlying stock on the grant date.

(f) Deferred share unit plan:

Under the DSU plan, established August 11, 2010, the Company may grant DSUs to eligible members of the Board of Directors. DSU grants and vesting conditions are at the discretion of the Board of Directors. An eligible director may elect to receive their annual cash remuneration in the form of DSUs, cash or any combination thereof. DSUs are classified as cash-settled share-based compensation and are remeasured to fair value at each reporting year.

An eligible director is entitled to receive a cash payment equal to the fair value of the DSUs at the date of redemption.

During 2015, the Company recorded compensation cost of $685,000 (2014 - recovery of $69,374). The value of the liability related to the DSUs as at September 30, 2015, was $1,554,934 (2014 - $1,513,423) and is included in other long-term liabilities.

Deferred Share Units	2015	2014
Outstanding, beginning of year	450,270	341,785
Granted	210,925	108,485
Exercised	(124,600)	–
Outstanding, end of year	536,595	450,270

(g) Employee stock option plan:

The Company's stock option plan was implemented to encourage ownership of the Company by directors, officers, employees and consultants of the Company. The total stock options outstanding as at September 30, 2015, consist of stock options granted under a stock option plan in place prior to the Company's initial public offering in February 2007 and stock options granted under the current plan. The maximum number of common shares that may be issued under the current plan is 10% of the issued and outstanding common shares of the Company on the date of grant. The total number of stock options outstanding under the current plan does not exceed this threshold.

(Expressed in U.S. dollars)

16. Capital stock (continued):

(i) Stock options:

Stock options are non-transferable and vest up to 25% at the end of the first year from date of grant and an additional 25% on each of the second, third and fourth anniversaries of grant. Stock options are priced in the British Pound ("GBP") or CAD.

	CAD stock options		GBP stock options	
	Number of stock options	Weighted average exercise price per share	Number of stock options	Weighted average exercise price per share
Outstanding, September 30, 2013	4,615,459	$ 1.05	147,000	£ 0.51
Granted	1,296,117	5.86	–	–
Exercised	(561,192)	1.12	(12,000)	0.44
Forfeited	(766,138)	1.13	(63,250)	0.59
Outstanding, September 30, 2014	4,584,246	2.39	71,750	0.45
Granted	3,669,368	3.50	–	–
Exercised	(312,842)	0.86	(14,000)	0.44
Forfeited	(214,440)	4.28	(3,750)	0.93
Outstanding, September 30, 2015	7,726,332	2.93	54,000	0.42

(Expressed in U.S. dollars)

16. Capital stock (continued):

Summary information about stock options outstanding and exercisable as at September 30, 2015 is as follows (the stock options with exercise prices denominated in foreign currency were converted into CAD using the foreign currency exchange rate in effect as at September 30, 2015):

Exercise price (Original Currency)	Exercise price (CAD)	Stock options outstanding: Number outstanding	Stock options outstanding: Weighted average remaining contractual life (years)	Stock options exercisable: Number exercisable	Stock options exercisable: Weighted average remaining contractual life (years)
CAD $0.23	$ 0.23	25,000	3.20	25,000	3.20
CAD $0.36	0.36	557,500	3.45	557,500	3.45
GBP £0.41	0.76	40,000	2.75	40,000	2.75
GBP £0.44	0.81	14,000	2.28	14,000	2.28
CAD $1.10	1.10	1,567,500	3.85	917,500	3.85
CAD $1.18	1.18	112,500	2.84	112,500	2.84
CAD $1.21	1.21	51,875	0.38	51,875	0.38
CAD $1.24	1.24	2,500	1.11	2,500	1.11
CAD $1.25	1.25	275,000	3.87	275,000	3.87
CAD $1.35	1.35	30,000	2.36	30,000	2.36
CAD $1.37	1.37	80,000	4.87	80,000	4.87
CAD $1.50	1.50	47,500	2.17	47,500	2.17
CAD $1.90	1.90	227,500	4.18	–	4.18
CAD $3.35	3.35	253,496	6.35	–	6.35
CAD $3.50	3.50	3,159,694	6.14	–	6.14
CAD $3.72	3.72	125,000	6.85	–	6.85
CAD $4.55	4.55	283,974	5.60	70,242	5.60
CAD $4.63	4.63	15,000	6.60	–	6.60
CAD $6.30	6.30	912,293	5.20	91,222	5.20
		7,780,332		2,314,839	

The common share price of the Company as at September 30, 2015 was CAD $3.85 (2014 - CAD $3.77) per share.

(ii) Fair values and stock-based compensation expense:

The fair value of stock option grants made to employees and directors is estimated using the Black-Scholes option pricing model, with the following weighted average assumptions: risk-free interest rate of 1.5% (2014 - 1.7%); dividend yield of nil (2014 - nil); volatility of 44.1% (2014 - 47.5%) and expected lives of stock options of five years (2014 - five years). The fair value of the stock options is expensed over the vesting period of the stock options using the straight-line method.

(Expressed in U.S. dollars)

16. Capital stock (continued):

During 2015, the Company recorded a stock-based compensation of $2,045,731 (2014 - $971,448) related to stock options granted under this Plan.

(h) Treasury stock:

During the year ended September 30, 2015, the Company paid $536,507 to a trustee; to purchase 179,246 of the Company's common shares in the open market (2014 - nil); to satisfy the delivery of common shares under its equity-based compensation plans. The Company classifies these shares as treasury stock until they are delivered pursuant to the terms of the awards.

During the year ended September 30, 2015, 149,280 shares have been issued with a cost of $415,816 (2014 - 88,228 shares with a cost of $110,824). As at September 30, 2015, the remaining number of treasury shares held-in-trust by the Company is 46,864 with a cost of $141,917 (September 30, 2014 - 16,898 with a cost of $21,226).

17. Income tax expense:

(a) Income tax expense recognized in profit or loss:

	2015	2014
Current income tax expense:		
Current year	$ 7,060,783	$ 5,176,922
Adjustment for prior years	693,356	(1,175,048)
	7,754,139	4,001,874
Deferred income tax expense (recovery):		
Origination and reversal of temporary differences	(197,126)	1,383,295
Utilization of previously recognized tax assets	312,292	72,748
Recognition of previously unrecognized tax assets	(234,480)	(225,118)
	(119,314)	1,230,925
Total income tax expense	$ 7,634,825	$ 5,232,799

(Expressed in U.S. dollars)

17. Income tax expense (continued):

(b) Reconciliation of effective income tax rate:

The Company's effective income tax rate differs from the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to loss before income taxes. These differences result from the following items:

	2015	2014
Loss before income taxes	$ (2,371,750)	$(34,664,726)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery based on loss before income taxes	$ (628,514)	$ (9,186,152)
Increase (decrease) in income taxes resulting from:		
Non-taxable/deductible items	2,551,505	800,538
Differences due to different income tax rates for foreign subsidiaries	73,459	141,081
Withholding taxes	3,859,270	1,577,723
Impact of changes to income tax rates	-	79,021
Change in unrecognized temporary differences and prior year losses	(1,091,202)	12,084,071
Impact of foreign exchange and other items	2,870,307	(263,483)
Income tax expense	$ 7,634,825	$ 5,232,799

17. Income tax expense (continued):

(c) Unrecognized deferred tax assets:

The Company has approximately $59,000,000 (2014 - $83,700,000) of unrecognized loss carryforwards and other deductible temporary differences. As of September 30, 2015, management has not recognized these deferred tax assets in certain jurisdictions as it is not probable that the benefit of these assets can be realized in the foreseeable future. Management will continue to monitor the situation and revise its estimates as appropriate.

Included in the above amount is $18,200,000 (2014 - $35,300,000) of Canadian unclaimed scientific research and experimental development ("SR&ED") expenditures and non-capital losses, which are available to reduce future years' income for Canadian income tax purposes.

The Company's Canadian unclaimed SR&ED expenditures do not expire, while the Canadian non-capital losses available for carryforward of $9,000,000 expire in 2034.

The Company has approximately $6,800,000 (2014 - $8,100,000) of Canadian ITCs, which can also be used to reduce future federal income taxes. These credits have a life of 20 years and will not begin to expire until 2024. The Company has previously recorded $351,385 (2014 - $416,222) of these credits as it is probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in U.S. dollars)

17. Income tax expense (continued):

(d) Recognized deferred income tax assets and deferred income tax liabilities:

Deferred income tax assets and liabilities are attributable to the following:

	Corporate minimum taxes and other deductions	Unclaimed SR&ED expenditures and non-capital losses	Intangible assets	Pensions	Set-off of deferred tax assets and liabilities	Total
Deferred income tax assets:						
Balance, September 30, 2014	$ 499,639	$ 6,323,045	$ –	$ 1,310,610	$ (6,193,878)	$ 1,939,416
Resulting from the acquisition of Orga	2,726,358	–				2,726,358
Charged to loss before income tax expense	(47,894)	(1,002,181)		(150,093)		(1,200,168)
Charged to income tax expense	(13,185)	(1,212,071)		(92,351)		(1,317,607)
Set-off of deferred tax assets and liabilities					2,138,460	2,138,460
Balance, September 30, 2015	$ 3,164,918	$ 4,108,793	$ –	$ 1,068,166	$ (4,055,418)	$ 4,286,459
Deferred income tax liabilities:						
Balance, September 30, 2014	$ –	$ –	$ (4,919,284)	$ (1,310,610)	$ 6,193,878	$ (36,016)
Credited to loss before income tax expense			587,462	150,093		737,555
Credited to income tax expense			1,344,570	92,351		1,436,921
Set-off of deferred tax assets and liabilities					(2,138,460)	(2,138,460)
Balance, September 30, 2015	$ –	$ –	$ (2,987,252)	$ (1,068,166)	$ 4,055,418	$ -

(Expressed in U.S. dollars)

17. Income tax expense (continued):

	Corporate minimum taxes and other deductions	Unclaimed SR&ED expenditures and non-capital losses	Intangible assets	Pensions	Set-off of deferred tax assets and liabilities	Total
Deferred income tax assets:						
Balance, September 30, 2013	$ 294,673	$ 8,371,019	$ –	$ –	$ (6,742,283)	$ 1,923,409
Credited (charged) to loss before income tax expense	(20,152)	(123,899)	–	–	–	(144,051)
Credited (charged) to income tax expense	225,118	(1,924,075)	–	–	–	(1,698,957)
Credited to other comprehensive loss	–	–	–	1,310,610	–	1,310,610
Set-off of deferred tax assets and liabilities	–	–	–	–	548,405	548,405
Balance, September 30, 2014	$ 499,639	$ 6,323,045	$ –	$ 1,310,610	$ (6,193,878)	$ 1,939,416
Deferred income tax liabilities:						
Balance, September 30, 2013	$ –	$ –	$ (6,733,834)	$ (753,101)	$ 6,742,283	$ (744,652)
Charged to loss before income tax expense	–	–	5,183	30,725	–	35,908
Credited (charged) to income tax expense	–	–	1,809,367	(1,341,335)	–	468,032
Credited to other comprehensive loss	–	–	–	753,101	–	753,101
Set-off of deferred tax assets and liabilities	–	–	–	–	(548,405)	(548,405)
Balance, September 30, 2014	$ –	$ –	$ (4,919,284)	$ (1,310,610)	$ 6,193,878	$ (36,016)

(Expressed in U.S. dollars)

18. Change in non-cash operating working capital:

The change in non-cash operating working capital for the year ended September 30 is as follows:

	2015	2014
Trade accounts and other receivables	$ 7,294,965	$ (5,005,317)
Unbilled revenue	8,997,452	(2,975,404)
Prepaid expenses	2,260,371	(2,395,664)
Inventories	4,386,375	1,445,218
Other assets	945,631	1,023,681
Trades payable	530,628	(6,169,303)
Accrued liabilities and other liabilities	(11,459,959)	(21,568,547)
Deferred revenue	(17,229,170)	5,260,237
Income taxes payable	348,577	106,236
	$ (3,925,130)	$ (30,278,863)

19. Segment reporting:

The Company has determined that it operates in a single reportable operating segment, the telecommunications software market. The single reportable operating segment derives its revenue from the sale of software products and related services and hardware, and is managed on a worldwide basis, but operated in offices around the world. The Company's Chief Executive Officer, the chief operating decision maker, reviews internal management financial information on a monthly basis, including revenue and property and equipment.

The Company's revenue by geographic area for the year ended September 30 is as follows:

	2015	2014
Europe, Middle East and Africa	$ 113,157,206	$ 154,708,821
North America, Latin America and Caribbean	33,819,886	26,652,048
Asia and Pacific Rim	75,763,318	76,336,611
	$ 222,740,410	$ 257,697,480

(Expressed in U.S. dollars)

19. Segment reporting (continued):

Revenue is attributed to geographic locations, based on the location of the external customer.

	2015	2014
Revenue by type:		
Software and services	$ 116,098,938	$ 114,494,602
Support and subscription	92,560,729	118,875,723
Third party software and hardware	14,080,743	24,327,155
	$ 222,740,410	$ 257,697,480

The Company's property and equipment by geographic area is as follows:

	2014	2013
Canada	$ 493,068	$ 1,016,789
Germany	3,318,394	4,647,813
India	2,072,336	1,556,573
Poland	937,206	650,392
Croatia	42,256	148,360
Spain	17,898	44,733
Other	1,553,850	643,455
	$ 8,435,008	$ 8,708,115

The Company's intangible assets by geographic area are as follows:

	2015	2014
Canada	$ 16,704,080	$ 20,210,269
United Kingdom	10,873,495	12,324,547
Germany	16,572,062	–
Other	671,841	284,497
	$ 44,821,478	$ 32,819,313

The Company's goodwill is common across all locations. Therefore, management does not classify goodwill on a location basis.

(Expressed in U.S. dollars)

20. Commitments, guarantees and contingent liabilities:

(a) Lease commitments:

The Company leases certain property and equipment under operating leases. Operating lease payments are expensed on a straight-line basis over the term of the relevant lease agreements. Lease inducements received upon entry into an operating lease are recognized on a straight-line basis over the lease term. Operating lease payments for the year ended September 30, 2015, were $6,110,107 (2014 - $4,550,969). The Company is obligated to make future annual lease payments under operating leases for office equipment and premises.

Future minimum lease payments under non-cancellable operating leases as at September 30, 2015 are as follows:

2016	$ 6,020,107
2017	4,107,239
2018	3,153,221
2019	2,130,613
2020 and thereafter	620,848
	$ 16,032,028

(b) Restricted cash:

As at September 30, 2015, the Company had $5,972,087 in cash put aside for planned payments to early retirees and lease guarantees, which are secured by restricted cash, shown separately in the consolidated statements of financial position. At September 30, 2014, the Company had $881,940 in lease guarantees, which are secured by restricted cash, shown separately in the consolidated statements of financial position.

(c) Guarantees:

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. The Company has never been called to perform its obligations under these indemnifications and the Company is not subject to any pending litigation in these matters.

(Expressed in U.S. dollars)

20. Commitments, guarantees and contingent liabilities (continued):

In the normal course of operations, the Company is subject to claims from time to time, relating to labour, customers and other. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

21. Provisions:

	Restructuring (a)	Other/Onerous Contracts (b)	Total
Balance, September 30, 2013	$ –	$ 1,201,050	$ 1,201,050
Additions	22,524,612	–	22,524,612
Cash payments	(444,848)	–	(444,848)
Transfer to trade payable	–	(1,201,050)	(1,201,050)
Foreign exchange	(503,918)	–	(503,918)
Balance, September 30, 2014	21,575,846	–	21,575,846
Additions	1,095,454	7,439,614	8,535,068
Cash payments	(14,483,122)	–	(14,483,122)
Utilization	–	(836,617)	(836,617)
Foreign exchange	(2,092,228)	79,926	(2,012,302)
Balance, September 30, 2015	$ 6,095,950	$ 6,682,923	$ 12,778,873
Current			$ 14,967,576
Non-current			6,608,270
Total at September 30, 2014			$ 21,575,846
Current			$ 8,772,519
Non-current			4,006,354
Total at September 30, 2015			$ 12,778,873

(a) In August 2014, the Company announced that it would eliminate satellite office locations, concentrate research and development and support staff into existing locations and consolidate activities to lower costs centres. The Company also announced restructuring actions throughout the organization intended to reduce its overall cost structure and improve its margin performance. In connection with these plans, the Company recorded restructuring charges of $22,524,612 during the year ended September 30, 2014, primarily for employee termination costs, of which $21,575,846 was recorded as provisions as at September 30,

21. Provisions (continued):

2014. During the year ended September 30, 2015, additional restructuring charges related to employee terminations of $1,095,454 were recorded.

For the year ended September 30, 2015, an amount of $14,483,122 was paid and an amount of $4,662,449 is estimated as payable within one year. The balance of the provision, classified as long-term, payable over five years, amounts to $1,433,501 and has been discounted. The accretion expense of the long-term provision is included in finance costs on the consolidated statement of comprehensive loss.

The recognition of restructuring charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with the restructuring actions. Management's significant assumptions included the timing and number of employees to be terminated and the measurement of termination costs. The Company developed a detailed plan and has recorded termination costs for employees informed of their termination. At the end of each reporting period, management will evaluate the appropriateness of the restructuring charges and provision balances. Further adjustments may be required to reflect actual experience or changes in estimates.

(b) On acquisition of Orga, a provision for an onerous contract was recognized for one project in the amount of $7,334,780. During the two months ended September 30, 2015, $836,617 of the provision was utilized against the costs incurred for the project.