



## **VIQ Solutions Inc.**

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Interim Consolidated Financial Statements  
For the three and nine months periods ended September 30, 2009



**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Signed "*David Outhwaite*"

David Outhwaite  
President and Chief Executive Officer

Signed "*Karen Hersh*"

Karen Hersh  
Chief Financial Officer

November 25, 2009

VIQ Solutions Inc.  
Interim Consolidated Balance Sheets  
(Unaudited)

	September 30 2009	December 31 2008
<b>Assets</b>		
Current		
Cash	\$ 819,046	\$ 967,693
Receivables	1,541,519	1,760,732
Inventories	23,754	81,287
Prepaid expenses	99,967	86,154
	<u>2,484,286</u>	<u>2,895,866</u>
Restricted cash	147,443	128,027
Property and equipment	778,264	766,154
Goodwill	2,302,849	2,153,191
Future tax assets	194,984	176,183
	<u>\$ 5,907,826</u>	<u>\$ 6,119,421</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 1,722,440	\$ 1,516,179
Short-term debt (note 6)	160,000	220,000
Deferred revenue and deferred lease incentives	268,707	234,516
Current portion of long-term debt (note 7)	6,672	499,336
Current portion of obligations under capital lease	44,514	68,478
	<u>2,202,333</u>	<u>2,538,509</u>
Obligations under capital lease	11,223	37,302
Deferred lease incentives	-	10,726
Long-term debt (note 7)	540,376	45,380
	<u>2,753,932</u>	<u>2,631,917</u>
<b>Shareholders' Equity</b>		
Capital stock (note 8)	8,650,517	8,650,517
Contributed surplus (note 9)	1,302,970	1,139,250
Accumulated other comprehensive income (loss)	70,061	(81,305)
Deficit	(6,869,654)	(6,220,958)
	<u>3,153,894</u>	<u>3,487,504</u>
	<u>\$ 5,907,826</u>	<u>\$ 6,119,421</u>

Going Concern Uncertainty (note 2)

Subsequent Events (note 15)

Approved by the Board “Norman Inkster”  
Norman Inkster, Director

“David Outhwaite”  
David Outhwaite, CEO and Director

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

VIQ Solutions Inc.  
Interim Consolidated Statements of Operations and Deficit  
(Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Sales	\$ 2,841,104	\$ 2,759,977	\$ 8,465,307	\$ 8,877,101
Cost of sales	1,759,771	1,682,022	5,015,590	5,378,857
Gross profit	1,081,333	1,077,955	3,449,717	3,498,244
Expenses				
Selling and administrative	1,220,121	1,094,850	3,442,365	3,366,094
Research and development	136,048	116,644	391,633	347,460
	1,356,169	1,211,494	3,833,998	3,713,554
Loss before the following items	(274,836)	(133,539)	(384,281)	(215,310)
Amortization of property and equipment	(78,025)	(70,357)	(211,597)	(209,403)
Interest income	4,716	6,288	11,301	18,837
Interest on long-term debt	(15,951)	(21,955)	(52,213)	(112,577)
Interest and bank charges	(6,841)	(3,741)	(21,191)	(19,510)
Loss on sale of equipment	(564)	-	(788)	-
Foreign exchange gain (loss)	(77,395)	(108,764)	10,073	(26,859)
Net loss for the period	\$ (448,896)	\$ (332,068)	\$ (648,696)	\$ (564,822)
Deficit, beginning of period	(6,420,758)	(6,170,486)	(6,220,958)	(5,937,732)
Deficit, end of period	\$ (6,869,654)	\$ (6,502,554)	\$ (6,869,654)	\$ (6,502,554)
Net loss per common share – basic and diluted (note 11)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding (note 11)	82,876,085	82,495,650	82,876,085	78,699,632

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

VIQ Solutions Inc.  
Interim Consolidated Statements of Comprehensive Income and Loss  
and Accumulated Other Comprehensive Income and Loss  
(Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Net loss for the period	\$ (448,896)	\$ (332,068)	\$ (648,696)	\$ (564,822)
Other comprehensive income				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	16,153	(159,930)	151,366	(58,937)
Comprehensive loss	\$ (432,743)	\$ (481,998)	\$ (497,330)	\$ (637,133)
Accumulated other comprehensive income (loss), beginning of period	\$ 53,908	\$ 99,879	\$ (81,305)	\$ (60,564)
Other comprehensive income (loss)	16,153	(159,930)	151,366	(58,937)
Accumulated other comprehensive income (loss), end of period	\$ 70,061	\$ (119,501)	\$ 70,061	\$ (119,501)

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

VIQ Solutions Inc.  
Interim Consolidated Statements of Cash Flows  
(Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Cash flows from operating activities				
Net loss for the period	\$ (448,896)	\$ (332,068)	\$ (648,696)	\$ (564,822)
Amortization	78,025	70,357	211,597	209,403
Interest accretion on bridge loans	827	3,308	7,336	25,197
Loss on sale of equipment	564	-	788	-
Stock-based compensation (note 10)	53,945	58,774	163,720	157,894
Amortization of deferred lease incentive	-	(9,314)	(10,726)	(18,377)
Unrealized foreign exchange loss (gain)	3,446	165,642	(72,825)	45,520
	(312,089)	(43,301)	(348,806)	165,642
Changes in non-cash operating working capital (note 12)	398,659	(369,896)	503,384	(589,856)
Cash flows from (used in) operating activities	86,570	(413,197)	154,578	(735,041)
Cash flows used in investing activities				
Purchase of property and equipment	(143,189)	(12,937)	(193,157)	(49,104)
Increase in restricted cash	-	(17,507)	-	(17,507)
Cash flows used in investing activities	(143,189)	(30,444)	(193,157)	(66,611)
Cash flows from (used in) financing activities				
Advances in short-term debt	-	-	-	120,469
Repayment of short-term debt	-	-	(60,000)	(263,878)
Repayment of long-term debt	(1,668)	(6,200)	(5,004)	(1,025,181)
Proceeds from units issued for cash	-	-	-	1,478,800
Proceeds from warrants exercised for cash	-	160,000	-	1,070,000
Capital lease payments	(20,481)	(46,850)	(50,043)	(110,673)
Cash flows from (used in) financing activities	(22,149)	106,950	(115,047)	1,269,537
Effect of exchange rate changes on cash	(9,077)	(43,556)	4,979	262
Increase (decrease) in cash during the period	(87,845)	(380,247)	(148,647)	468,147
Cash, beginning of period	906,891	1,162,472	967,693	314,078
Cash, end of period	\$ 819,046	\$ 782,225	\$ 819,046	\$ 782,225

Supplemental Information (note 12)

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

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## VIQ Solutions Inc.

### Notes to Interim Consolidated Financial Statements

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#### 1. Nature of Operations

VIQ Solutions Inc. (“VIQ Solutions” or the “Corporation”) develops software and provides solutions that capture, digitize, compress and store voice from a variety of sources, including microphones, telephones and hand-held recorders. The software can be used to securely manage the flow of voice files over virtually any computer network, including the Internet. The Corporation supplies, through a network of distributors and channel partners, solutions to end-users including individual medical clinics, legislative assemblies, courthouses and quasi-judicial agencies. NetScribe, a sophisticated web-based workflow management switch, provides anywhere anytime transcription workflow capabilities worldwide.

The Corporation also provides recording and transcription services directly or by contracting to various suppliers around the world to a variety of clients including medical, courtrooms, legislative assemblies, hearing rooms, inquiries and quasi-judicial clients in numerous countries including Canada, the United States, the United Kingdom, Australia, South Africa, and Denmark.

#### 2. Going Concern Uncertainty

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations. VIQ Solutions has incurred operating losses during the current and prior year.

Historically, management has consistently been able to raise sufficient funds to finance its operations, and raised capital in 2008 in the amount of \$2,548,800 through a private placement and the exercise of warrants. The Corporation’s ability to continue as a going concern is dependent on its ability to achieve and maintain profitable operations and to obtain future financing.

#### 3. Summary of Significant Accounting Policies

##### Accounting Principles

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) and follow the same accounting policies as for the financial statements for the year ended December 31, 2008, with the exception of the changes in accounting policies described in Note 4. These interim consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

#### 4. Adoption of New Accounting Policies

The Corporation has adopted the following change to its accounting policies:

##### Goodwill and Intangibles

CICA Handbook Section 3064, Goodwill and Intangible Assets, replaces Section 3062 and establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets to converge with international financial reporting. This standard is effective for the Corporation for interim and annual financial statements beginning on January 1, 2009. The adoption of this policy has not had an impact on the financial statements.

The following changes will be adopted in the future:

### **International Financial Reporting Standards**

In February 2008, the Accounting Standards Board (“AcSB”) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required, for the Corporation, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 “Inventories” and IAS 38 “Intangible assets”, thus mitigating the impact of adopting IFRS at the mandatory transition date. The Corporation continues to monitor and assess the impact that the adoption of IFRS will have on its financial statements.

## **5. Risk Management for Financial Instruments**

### **Fair Values**

The estimated fair values of cash, receivables, restricted cash, short-term debt and payables and accruals approximate their carrying values due to the relatively short-term nature of the instruments and/or floating interest rates on the instruments. The estimated fair values of long-term debt and obligations under capital lease also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates.

### **Liquidity**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation’s approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, by continuously monitoring actual and budgeted cash flows.

The Corporation has sustained losses over the last number of years and has financed these losses mainly through a combination of equity and debt offerings. As at September 30, 2009, the Corporation has contractual obligations relating to accounts payable and accrued liabilities, short-term debt, obligations under capital lease and long-term debt of which a substantial portion will mature in the next year. Management believes that it has raised sufficient cash to meet all of its contractual debt that is coming due for the balance of 2009. There are, however, a number of uncertainties related to the timing and use of the Corporation’s cash resources and actual results may differ from expected results.

### **Credit Risk**

Credit risk arises from the potential that a customer or counterparty will fail to perform its obligations. The Corporation is exposed to credit risk from its customers; however, the Corporation has a significant number of customers, minimizing the concentration of credit risk. Further, a large majority of the Corporation’s customers are economically stable organizations such as government agencies or departments with whom the Corporation transacts with on a regular basis, further reducing the overall credit risk.

Historically, losses under trade receivables have been insignificant. In order to minimize the risk of loss from trade receivables, the Corporation’s extension of credit to customers involves review and approval by senior management and conservative credit limits for new or higher risk accounts.

The Corporation reviews its trade receivable accounts regularly and writes down these accounts to their expected realizable values, by making an allowance for doubtful receivables, as soon as the account is determined not to be fully collectible. The allowance is charged against earnings. Shortfalls in collections are applied against this

provision. Estimates for allowance for doubtful accounts are determined by a customer-by-customer evaluation of collectability at each balance sheet reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern issues.

The Corporation's exposure to credit risk for trade receivables by geographic area as at September 30, 2009 and September 30, 2008 was as follows:

	September 30, 2009	September 30, 2008
Australia	56%	43%
Canada	15%	14%
United States	12%	20%
United Kingdom	14%	20%
Rest of world	3%	3%
	100%	100%

### Foreign Currency Risk

Foreign currency risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies, primarily the U.S. and Australian dollars and Great Britain pound with a large portion of the Corporation's sales and operating costs being realized in these foreign currencies. The assets and liabilities that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Corporation's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian, United States and Australian dollars.

The Corporation's Australian subsidiary is a self-sustaining entity and accordingly, creates an economic hedge as the majority of revenue and expenses for this entity are transacted in Australian dollars. As of September 30, 2009, fluctuations of the Australian dollar relative to the Canadian dollar of 5% would impact the net income and comprehensive income by approximately \$12,000 and \$22,000 respectively for the nine month period ended September 30, 2009.

The Corporation's computer products and services operations are exposed to exchange rate changes in the U.S. dollar relative to the Canadian dollar since a substantial portion of this business unit's sales are denominated in U.S. dollars with most of the related expenses in Canadian dollars. A fluctuation of the U.S. dollar of 5% would have an effect on net income of approximately \$48,000 for the nine month period ended September 30, 2009.

The Corporation's computer products and services operations are exposed to exchange rate changes in the Great Britain pound relative to the Canadian dollar since a portion of this business unit's sales are denominated in Great Britain pounds with most of the related expenses in Canadian dollars. A fluctuation of the Great Britain pound of 5% would have an effect on net income of approximately \$26,800 for the nine month period ended September 30, 2009.

The Corporation does not currently use foreign exchange contracts to hedge its exposure of its foreign currencies cash flows as management has determined that this risk is not significant at this point in time. The Corporation recognized a foreign exchange gain of \$10,073 for the nine month period ended September 30, 2009 (2008 – loss of \$26,859).

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's interest rate risk is primarily related to the Corporation's interest bearing debts on its balance sheet. A significant portion of the Corporation's short-term and long-term debt has fixed interest rates, thereby minimizing the Corporation's exposure to cash flow interest rate risk.

## Capital Management

The Corporation's objective in managing capital is to ensure sufficient liquidity to pursue its organic 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 Corporation's capital is composed of total shareholders' equity. The Corporation's primary uses of capital are to finance operating losses, capital expenditures and increases in non-cash working capital. The Corporation currently funds these requirements from internally generated cash flows and cash raised through past share issuances and long-term debt as required. The Corporation's objectives when managing capital are to ensure that the Corporation will continue to have enough liquidity so it can provide its products and services to its customers and returns to its shareholders.

The Corporation monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance the Corporation's ongoing growth, the Corporation does not currently pay a dividend to holders of its common shares.

### 6. Short-term Debt

	September 30 2009	December 31 2008
Unsecured amount owing to the vendors of International Reporting bearing interest at 7% with no specified repayment terms (see Related Party Transactions - note 14).	\$ 160,000	\$ 220,000
	<u>\$ 160,000</u>	<u>\$ 220,000</u>

The Corporation has a \$100,000 line of credit facility, bearing interest at a variable rate of prime plus 1.5%, secured by a general security agreement covering all the assets of International Reporting. As at September 30, 2009, the Corporation had no balance outstanding on the line of credit.

### 7. Long-term Debt

	September 30 2009	December 31 2008
Secured bridge loan with a face value of \$500,000 bearing interest at a rate of 12% per annum, payable annually and the issuance of 1,250,000 warrants resulting in an imputed rate of interest of 13%. The loan is repayable on the two-year anniversary, being July 2009. The loan is secured by a general security agreement covering all assets of the Corporation (i).	\$ -	\$ 492,664
Secured bridge loan with a face value of \$500,000 bearing interest at a rate of 12% per annum. The loan is repayable on October 24, 2009. The loan is secured by a general security agreement covering all assets of the Corporation. Subsequent to the period, the loan was refinanced and accordingly, is classified as long-term debt (See Subsequent Events - note 15).	500,000	-
Base rate plus one percent term loan, repayable in monthly payments of \$556 principal plus interest, maturing September 2018.	47,048	52,052
	<u>547,048</u>	<u>544,716</u>
Less current portion	<u>(6,672)</u>	<u>(499,336)</u>
	<u>\$ 540,376</u>	<u>\$ 45,380</u>

- (i) A value of \$26,250 was attributed to the 1,250,000 warrants and has been included in contributed surplus. The difference between the face value and ascribed value of the debt, being the carrying value of the warrants, was accreted over the two year life of the loan. The warrants had an exercise price of \$0.16 for the first year and \$0.24 for the second year.

## 8. Capital Stock

The Corporation's authorized capital consists of an unlimited number of common shares with no par value. Changes in the issued and outstanding common shares for the period ended September 30, 2009 are as follows:

	Number of shares	Amount
Balance December 31, 2006 and 2007 – issued and outstanding	73,071,753	\$ 6,370,864
Issued upon exercise of warrants (i)	4,875,000	1,150,853
Issued on private placements (ii)	4,929,332	1,128,800
Balance December 31, 2008 and September 30, 2009 – issued and outstanding	82,876,085	\$ 8,650,517

- (i) In 2008, 4,875,000 warrants were exercised for net proceeds of \$1,070,000. The attributed value of the warrants in the amount \$80,853 was reallocated from contributed surplus to capital stock when the warrants were exercised.
- (ii) In 2008, the Corporation issued 4,929,332 units at a price of \$0.30 per unit for net proceeds of \$1,478,800. Each unit comprised one common share and one-half warrant whereby each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.45 for a period of 24 months from the closing date. A value of \$350,000 has been attributed to the 2,464,665 warrants and has been included in contributed surplus.

As at September 30, 2009, common shares of the Corporation were reserved as follows:

	Price	Expiry Dates	Number
Options	\$0.22	Oct. 2009 – Sept. 2010	623,000
	\$0.19 - \$0.27	Oct. 2010 – Sept. 2011	2,600,000
	\$0.13 - \$0.15	Oct. 2011 – Sept. 2012	1,421,250
	\$0.09 - \$0.38	Oct. 2012 – Sept. 2013	1,387,500
	\$0.19 - \$0.24	Oct. 2013 – Sept. 2014	1,221,500
			7,253,250
Warrants	\$0.45	Oct. 2009 – Sept. 2010	2,464,665
			2,464,665
Total			9,717,915

The Corporation's stock option plan allows for the granting of options up to an aggregate amount equal to 10% of the aggregate number of common shares of the Corporation outstanding. The options, which have a term not exceeding five years when issued, generally vest as follows:

- 1/3 at time of issue
- 1/3 after one year
- 1/3 after two years

The exercise price of each option is based on the market price of the Corporation's stock on the date of grant. As at September 30, 2009, the Corporation had 5,976,409 options that had vested with a weighted average exercise price of \$0.22 per share. The Corporation did not grant any stock options during the three month period ended September 30, 2009.

## 9. Contributed Surplus

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Balance, beginning of period	\$ 1,249,025	\$ 1,061,849	\$ 1,139,250	\$ 683,536
Value of warrants from private placement	-	-	-	350,000
Value of warrants exercised from bridge loans	-	(10,047)	-	(80,854)
Stock-based compensation (note 10)	53,945	58,774	163,720	157,894
Balance, end of period	\$ 1,302,970	\$ 1,110,576	\$ 1,302,970	\$ 1,110,576

## 10. Stock-based Compensation

The Corporation has an incentive stock option plan for all of its directors, officers, and employees. The option exercise price is the fair market value of the Corporation's common shares at the date of grant. These options generally vest over a period of 24 months after which they are exercisable for a maximum of five years after the grant date.

The total compensation expense relating to stock options granted to employees and directors for the nine month period ended September 30, 2009 was \$163,720 (2008 - \$157,894) which was included in selling and administrative expense, with a corresponding charge to contributed surplus. The Corporation issued no options during the three month period ended September 30, 2009.

## 11. Income (loss) per Common Share

The following table outlines the calculation of basic and diluted net loss per share:

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Net loss for the period - basic and diluted	\$ (448,896)	\$ (332,068)	\$ (648,696)	\$ (564,822)
Weighted average number of common shares outstanding during the period - basic and diluted	82,876,085	82,495,650	82,876,085	78,699,632
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The following were not included in the computation of diluted net loss per share for the nine month period ended September 30, 2009 as they are anti-dilutive:

- 7,253,250 stock options with a weighted average exercise price of \$0.23 per share (note 8); and
- 2,464,665 warrants with an exercise price of \$0.45 (note 8).

**12. Supplemental Cash Flow Information**

During the period, changes in non-cash operating working capital were as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Receivables	\$ 273,676	\$ (145,926)	\$ 219,213	\$ (414,956)
Inventory	(4,346)	3,247	57,533	30,213
Prepaid expense	10,865	33,317	(13,813)	5,177
Payables and accruals	74,695	(291,950)	206,260	(310,182)
Deferred revenue and deferred lease incentives	43,769	31,416	34,191	99,892
<b>Total</b>	<b>\$ 398,659</b>	<b>\$ (369,896)</b>	<b>\$ 503,384</b>	<b>\$ (589,856)</b>

Other supplemental cash flow information is as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009	2008	2009	2008
Cash paid for interest	\$ 63,183	\$ 79,510	\$ 71,368	\$ 167,854
Cash received for interest	\$ 4,716	\$ 6,288	\$ 11,301	\$ 18,837
Property and equipment acquired under capital lease	\$ -	\$ 6,669	\$ -	\$ 35,982
Income taxes paid	\$ -	\$ -	\$ -	\$ -

**13. Segmented Information**

Management has determined that the Corporation operates within two business segments: the computer products and services segment, which develops, distributes and licenses computer-based voice processing solutions based on its proprietary technology; and the transcription segment, which provides recording and transcription services, and information support services.

The Corporation's reportable segments are strategic business segments that offer different products and/or services. These business segments work on different business models and operate autonomously.

The Corporation does not segregate sales and associated costs by individual software products. Accordingly, segmented information on sales and associated costs is only provided for the full line of software solutions currently offered by the Corporation.

	Nine months ended September 30, 2009		
	Computer Products & Services	Transcription Services	Total
Revenue from external customers	\$ 1,512,348	\$ 6,952,959	\$ 8,465,307
Gross profit	\$ 1,298,152	\$ 2,151,565	\$ 3,449,717
Segment income (loss)	\$ (175,733)	\$ 208,065	\$ 32,332
Corporate expenses			\$ (681,028)
Net loss for the period			<u>\$ (648,696)</u>

## Other segmented disclosure:

Interest and bank charges	\$ 1,880	\$ 19,311	\$ 21,191
Interest income	\$ -	\$ 11,301	\$ 11,301
Amortization of property and equipment	\$ 38,508	\$ 173,089	\$ 211,597
Income tax expense	\$ -	\$ -	\$ -
Additions to property and equipment	\$ 68,878	\$ 124,279	\$ 193,157
Segment assets	\$ 1,013,686	\$ 4,894,140	\$ 5,907,826

	Nine months ended September 30, 2008		
	Computer Products & Services	Transcription Services	Total
Revenue from external customers	\$ 1,275,372	\$ 7,601,729	\$ 8,877,101
Gross profit	\$ 1,155,546	\$ 2,342,698	\$ 3,498,244
Segment income (loss)	\$ (176,944)	\$ 272,061	\$ 95,117
Corporate expenses			\$ (659,939)
Net loss for the period			<u>\$ (564,822)</u>

## Other segmented disclosure:

Interest and bank charges	\$ 6,491	\$ 13,019	\$ 19,510
Interest income	\$ 66	\$ 18,771	\$ 18,837
Amortization of property and equipment	\$ 37,898	\$ 171,505	\$ 209,403
Income tax expense	\$ -	\$ -	\$ -
Additions to property and equipment	\$ 16,630	\$ 32,474	\$ 49,104
Segment assets	\$ 1,338,055	\$ 4,333,018	\$ 5,671,073

	Three months ended September 30, 2009		
	Computer Products & Services	Transcription Services	Total
Revenue from external customers	\$ 403,670	\$ 2,437,434	\$ 2,841,104
Gross profit	\$ 354,383	\$ 726,950	\$ 1,081,333
Segment income (loss)	\$ (203,018)	\$ 48,024	\$ (154,994)
Corporate expenses			\$ (293,902)
Net loss for the period			<u>\$ (448,896)</u>

## Other segmented disclosure:

Interest and bank charges	\$ 517	\$ 6,324	\$ 6,841
Interest income	\$ -	\$ 4,716	\$ 4,716
Amortization of property and equipment	\$ 15,810	\$ 62,215	\$ 78,025
Income tax expense	\$ -	\$ -	\$ -
Additions to property and equipment	\$ 36,079	\$ 107,110	\$ 143,189
Segment assets	\$ 1,013,686	\$ 4,894,140	\$ 5,907,826

	Three months ended September 30, 2008		
	Computer Products & Services	Transcription Services	Total
Revenue from external customers	\$ 498,303	\$ 2,261,674	\$ 2,759,977
Gross profit	\$ 452,874	\$ 625,081	\$ 1,077,955
Segment income (loss)	\$ (45,168)	\$ (59,716)	\$ (104,884)
Corporate expenses			\$ (227,184)
Net loss for the period			<u>\$ (332,068)</u>

## Other segmented disclosure:

Interest and bank charges	\$ 444	\$ 3,297	\$ 3,741
Interest income	\$ -	\$ 6,288	\$ 6,288
Amortization of property and equipment	\$ 14,082	\$ 56,275	\$ 70,357
Income tax expense	\$ -	\$ -	\$ -
Additions to property and equipment	\$ 2,157	\$ 10,780	\$ 12,937
Segment assets	\$ 1,338,055	\$ 4,333,018	\$ 5,671,073

The following tables provide information about geographic sales, property and equipment and goodwill.

	Nine months ended September 30, 2009		
	Sales	Property and Equipment	Goodwill
Canada	\$ 723,694	\$ 374,379	\$ 748,611
Australia	6,239,539	403,885	1,554,238
United States	793,789	-	-
United Kingdom	536,092	-	-
Other	172,193	-	-
	<u>\$ 8,465,307</u>	<u>\$ 778,264</u>	<u>\$ 2,302,849</u>

	Nine months ended September 30, 2008		
	Sales	Property and Equipment	Goodwill
Canada	\$ 1,169,299	\$ 362,056	\$ 748,610
Australia	6,745,341	405,192	1,375,832
United States	551,469	-	-
United Kingdom	351,358	-	-
Other	59,634	-	-
	\$ 8,877,101	\$ 767,248	\$ 2,124,442

#### 14. Related Party Transactions

The following related party transaction occurred during the three month period ended September 30, 2009:

- (i) The unsecured amount owed to the vendors of International Reporting included loans from certain senior officers and employees of International Reporting. During the period, no interest (2008 - nil) was paid in connection with the unsecured loans (see note 6).

#### 15. Subsequent Events

Subsequent to the period, the Corporation refinanced the short term debt of \$500,000 with a two year secured bridge loan with a face value of \$500,000 bearing interest at a rate of 10% per annum, payable annually and the issuance of 625,000 warrants (see note 7). The loan is repayable on the two-year anniversary, being October 2011. The loan is secured by a general security agreement covering all assets of the Corporation.