

**SIYATA MOBILE GROUP**  
**Carve-Out**

**Condensed Interim Financial Statements**

(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

**As at and for the three months ended**  
**March 31, 2015**

**SIYATA MOBILE GROUP**  
**CARVE-OUT INTERIM FINANCIAL STATEMENTS**  
**As at March 31, 2015**

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# **SIYATA MOBILE GROUP**

**(the “Company” or “SIYATA”)**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**As at and for the three months ended March 31, 2015**

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

The Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

**Siyata Mobile Group**  
Condensed Interim Statements of Financial Position  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
As at

	<b>March 31, 2015</b>	December 31, 2014
	(in thousands)	
<b>Assets</b>		
Current Assets		
Trade and other receivables	\$ 1,558	\$ 1,254
Advances to suppliers	1,053	716
Inventory	1,560	1,345
<b>Total current assets</b>	<b>4,171</b>	3,315
Intangible assets	2,667	2,413
<b>Total assets</b>	<b>\$ 6,838</b>	\$ 5,728
<b>Liabilities and Invested Capital</b>		
Current Liabilities		
Trade payables	\$ 215	\$ 269
Parent company	7,297	6,106
Advances from customers	7	-
Other payables	224	156
<b>Total current liabilities</b>	<b>7,743</b>	6,531
Liability for severance pay	16	14
<b>Total Invested Capital</b>	<b>(921)</b>	(817)
<b>Total liabilities and Invested Capital</b>	<b>\$ 6,838</b>	\$ 5,728

Nature and continuance of operations (Note 1)  
Going Concern (Note 2)  
Related party transactions (Note 7)

\_\_\_\_\_  
Date of approval of the  
financial statements

\_\_\_\_\_  
Chairman of the  
Board of Directors

\_\_\_\_\_  
CEO and Director

\_\_\_\_\_  
CFO

*The accompanying notes are an integral part of these carve-out condensed interim financial statements.*

**Siyata Mobile Group**

## Condensed Interim Statements of Profit or Loss and Other Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>Three-months ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(in thousands)</b>	
Revenues	<b>\$ 2,320</b>	\$ 1,628
Cost of sales	<b>1,770</b>	1,258
<b>Gross profit</b>	<b>550</b>	370
Research and development expenses	<b>23</b>	46
Selling and marketing expenses	<b>323</b>	247
General and administrative expenses	<b>151</b>	95
<b>Total expenses</b>	<b>497</b>	388
<b>Operating profit/(loss)</b>	<b>53</b>	(18)
<b>Financing expenses, net</b>	<b>(71)</b>	(53)
<b>Loss for the period</b>	<b>(18)</b>	(71)
<b>Other comprehensive income (loss) – Items that may or may not be reclassified to profit or loss</b>		
Presentation currency translation adjustments	<b>(86)</b>	(26)
<b>Total comprehensive loss for the period</b>	<b>\$ (104)</b>	\$ (97)

*The accompanying notes are an integral part of these carve-out condensed interim financial statements.*

**Siyata Mobile Group**

## Condensed Interim Statements of Changes in Invested Capital

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>Attributable to equity holders of Siyata</b>		
	<b>Translation</b>	<b>Deficit</b>	<b>Total</b>
	<b>reserve</b>		
	<b>(in thousands)</b>		
Balance as at January 1, 2015	\$ (93)	\$ (724)	\$ (817)
Loss for the period	-	(18)	(18)
Adjustments from the presentation currency	(86)	-	(86)
<b>Balance as at March 31, 2015</b>	<b>\$ (179)</b>	<b>\$ (742)</b>	<b>\$ (921)</b>

	<b>Attributable to equity holders of Siyata</b>		
	<b>Translation</b>	<b>Deficit</b>	<b>Total</b>
	<b>reserve</b>		
	<b>(in thousands)</b>		
Balance as at January 1, 2014	\$ (31)	\$ (615)	\$ (646)
Loss for the period	-	(71)	(71)
Adjustments from the presentation currency	(26)	-	(26)
<b>Balance as at March 31, 2014</b>	<b>\$ (57)</b>	<b>\$ (686)</b>	<b>\$ (743)</b>

*The accompanying notes are an integral part of these carve-out condensed interim financial statements.*

**Siyata Mobile Group**  
Condensed Interim Statements of Cash Flows  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>Three-months ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	(in thousands)	
<b>Cash flows from operating activities:</b>		
Loss for the period	\$ (18)	\$ (71)
Adjustments to reconcile net loss to net cash used in operating activities:		
Financing expenses, net	71	53
Amortization	23	46
Changes in working capital:		
Decrease/(increase) in trade receivables	(170)	57
Decrease/(increase) in advances to suppliers	(255)	67
Decrease/(increase) in inventories	(76)	542
(Decrease) in trade payables	(80)	(245)
Increase in advances from customers	7	-
Increase/(decrease) in other payables	52	(12)
Increase liability for severance pay	2	2
	<b>(444)</b>	<b>439</b>
<b>Cash flows from investing activities:</b>		
Development of expenditure recognized as intangible assets	(28)	(86)
<b>Cash flows from financing activities:</b>		
Loans from the parent company	543	(300)
Interest paid	(71)	(53)
	<b>472</b>	<b>(353)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at beginning of period</b>	-	-
<b>Effect of exchange rate fluctuations on cash</b>	-	-
<b>Cash and cash equivalents at end of period</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying notes are an integral part of these carve-out condensed interim financial statements.*

## **Siyata Mobile Group**

Notes to the Condensed Interim Financial Statements

As at and for the three months ended March 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **1. Nature of Operations**

#### **A. Reporting entity**

The carve-out financial statements of SIYATA MOBILE GROUP (hereinafter - "SIYATA") include certain operations which are conducted by Accel Telecom Ltd. (hereinafter – "Accel"), and related companies (hereinafter – "THE GROUP").

Siyata is a leading global developer of a vehicle mounted, cellular based communications platform over advanced 3G and 4G mobile networks (hereinafter – "THE BUSINESS"). It is specifically designed for professional vehicles such as trucks, vans, busses, ambulances and more. Its innovative platform is designed to facilitate replacement of the current in-vehicle multi device status quo with a single device that will incorporate voice, data and fleet management solutions.

#### **B. The split- up of Accel Telecom's holdings and transfer of assets**

These carve-out financial statements of Siyata are prepared for the purpose of undertaking a merger with a public Canadian company through a reverse takeover.

Siyata intends to merge into a public company in Canada by way of a three way merger. According to the proposed transaction, following the completion of the transaction, Accel will provide certain services and transfer certain assets to an Israeli subsidiary of Siyata based on services and asset transfer agreements.

### **2. Going Concern**

These carve-out financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that Siyata will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities, contingent or otherwise, and commitments in the normal course of business. Because of Siyata's dependency on its parent, Accel Telecom Ltd. and its shareholders for financing, and as Siyata has experienced losses and negative cash flows for the three months ended March 31, 2015 the parent company and its shareholders will support Siyata in case it needs future financing.

Siyata's ability to generate revenue, profitable operations and positive operating cash flow in the future is dependent on its ability to execute its current business plan. In the event Siyata is unable to achieve its current business plan, it will require additional financing until it is able to sustain profitable operations and positive operating cash flows. Given Siyata's reliance on its parent, it will require additional financing to meet its short-term obligations as well as ongoing operating costs.

Siyata is in the process of undertaking a reverse takeover transaction with the intention of listing on the TSX Venture Exchange. Management believes that the public listing will provide access to additional capital through the potential for the issuance of equity. In addition, Siyata continues to invest in the business through the development of new products which management believes will result in growth in revenue, profitability and cash flows. However, there can be no assurance regarding the timing of or ultimate achievement of profitability or positive cash flows.



## **Siyata Mobile Group**

Notes to the Condensed Interim Financial Statements

As at and for the three months ended March 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **2. Going Concern (continued)**

The ability of Siyata to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions as described above.

### **3. Basis of Presentation**

The condensed interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standard Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The condensed interim financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the most recent audited December 31, 2014 annual financial statements of the Company (hereinafter – “the annual financial statements”).

Siyata’s functional currency is the US Dollar. The presentation currency is the Canadian dollar (“CAD”).

The Company’s condensed interim financial statements were authorized for issue by the Board of Directors on **June XX, 2015**.

#### **The carve-out financial statements**

Balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing these carve-out financial statements.

The carve-out financial statements have been derived from the financial statements of The Group. The carve-out financial statements reflect the assets, liabilities, revenues and expenses directly attributable to Siyata, as well as allocations deemed reasonable by management, to present the financial position, results of operations, changes in invested capital and cash flows of Siyata. The carve-out financial statements may not necessarily be indicative of Siyata’s financial position, results of operating activities or cash flows had it operated as a separate entity throughout the period presented or for future periods.

### **4. Significant accounting policies**

These condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which is stated at their fair value. In addition, the condensed interim financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company’s most recent audited annual financial statements of the Company and reflect all of the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

## **Siyata Mobile Group**

Notes to the Condensed Interim Financial Statements

As at and for the three months ended March 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **5. Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements

### **6. Future Accounting Pronouncements**

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the three months ended March 31, 2015, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the Company's financial statements. The Company has not early adopted these revised standards.

Effective for annual periods beginning on or after January 1, 2018

i. IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Services.

ii. IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

Effective for annual periods beginning on or after January 1, 2015

i. IFRS 7 Financial Instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9

**Siyata Mobile Group**

Notes to the Condensed Interim Financial Statements

As at and for the three months ended March 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**7. Related Party Transactions****A. Transactions with related parties**

Type of Service	Nature of Relationship	Three months ended March 31,	
		2015	2014
		(in thousands)	
Cost of Sales	Parent Company	\$ 9	\$ 2
General and administrative expenses	Parent Company	122	85
Financing expenses	Parent Company	71	53
		<b>\$ 202</b>	<b>\$ 140</b>

**B. Balances with related parties**

The amounts due to related parties are summarized below. These amounts are non-interest bearing, unsecured, and are due on demand.

	March 31, 2015	December 31, 2014
	(in thousands)	
Due to Parent Company	<b>\$ 7,297</b>	<b>\$ 6,106</b>

**Siyata Mobile Group**

Notes to the Condensed Interim Financial Statements

As at and for the three months ended March 31, 2015

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**8. Segmented Information****Information on geographical segments**

Siyata is domiciled in Israel and it operates and produces its income primarily in Israel, Europe, Australia and Canada. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(in thousands)</b>	
<b>External revenues:</b>		
Israel	<b>\$ 2,087</b>	\$ 1,628
Europe	<b>223</b>	-
Australia	-	-
Other countries	<b>10</b>	-
	<b>\$ 2,320</b>	\$ 1,628