Unaudited Condensed Consolidated Interim Financial Statements of

DataWind Inc.

Three month periods ended June 30, 2015 and 2014
(in thousands of Canadian dollars)

Contents

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at June 30, 2015 and March 31, 2015

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

ASSETS	Note	June 2015	March 2015
Current assets			
Cash and cash equivalents	5	**$ 10,315**	$ 10,698
Trade and other receivables	6	**16,645**	14,087
Inventories		**9,964**	7,163
		36,924	31,948
Non-current assets			
Property and equipment	7	**170**	156
Total Assets		**$ 37,094**	$ 32,104
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	**$ 13,516**	$ 10,671
Loans and borrowings	8, 9	**11,452**	7,273
Total Liabilities		**24,968**	17,944
SHAREHOLDERS' EQUITY			
Share capital	10	**52,168**	52,168
Contributed surplus		**3,371**	3,339
Accumulated other comprehensive income(loss)		**(1,012)**	(332)
Deficit		**(42,401)**	(41,015)
Total Shareholders' Equity		**12,126**	14,160
Total Liabilities and Shareholders' Equity		**$ 37,094**	$ 32,104

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Three months ended June 30, 2015 and 2014

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	Note	Three Months ended June 30 2015	2014
Revenue		**$ 12,397**	$ 5,465
Cost of goods sold		**9,387**	4,666
Gross profit		**3,010**	799
Operating expenses:			
Research and development		**340**	396
Administration cost	11	**3,111**	1,866
Total operating expenses		**3,451**	2,262
Operating loss		**(441)**	(1,463)
Finance and other income	12	**20**	-
Finance expense	12	**(965)**	(248)
Loss before income taxes		**(1,386)**	(1,711)
Tax expense		**-**	-
Net loss		**(1,386)**	(1,711)
Other comprehensive income, net of tax:			
Foreign exchange translation gain/(loss)		**(680)**	17
Net comprehensive loss for the period		**(2,066)**	(1,694)
Net loss per share			
Basic and diluted		**(0.06)**	(0.11)
Weighted average number of shares outstanding:			
Basic and diluted		**22,057,623**	15,431,734

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

Three month periods ended June 30, 2015 and June 30, 2014

(in thousands of Canadian dollars except per share data and except where indicated)
(Unaudited)

	Note	Number of Shares ('000s)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income(loss)	Deficit	Total Shareholders' Equity / (Deficiency)
Balance at March 31, 2015		**22,057**	**$52,168**	**$3,339**	**$(332)**	**$(41,015)**	**$ 14,160**
Stock based compensation	10	-	-	32	-	-	32
Net loss	10	-	-	-	-	(1,386)	(1,386)
Foreign currency translation	10	-	-	-	(680)	-	(680)
Balance at June 30, 2015		**22,057**	**$52,168**	**$ 3,371**	**$(1,012)**	**$(42,401)**	**$ 12,126**

	Note	Number of Shares ('000s)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income(loss)	Deficit	Total Shareholders' Equity / (Deficiency)
Balance at March 31, 2014 (10:1) Consolidation		**15,432**	**$25,294**	**$ 2,149**	**$(715)**	**$(29,418)**	**$ (2,690)**
Special warrants		-	896	-	-	-	896
Stock based compensation	10	-	-	284	-	-	284
Net loss		-	-	-	-	(1,711)	(1,711)
Foreign currency translation		-	-	-	17	-	17
Balance at June 30, 2014		**15,432**	**$26,190**	**$2,433**	**$(698)**	**$(31,129)**	**$ (3,204)**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Three month periods ended June 30, 2015 and June 30, 2014

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	Note	2015	2014
Cash flows from operating activities			
Net loss for the period		**$ (1,386)**	$ (1,711)
Non-cash items:			
Unrealized exchange gains (losses)		**(880)**	17
Depreciation of property and equipment	7	**16**	9
Finance Expenses		**418**	248
Stock based compensation	11	**32**	284
		(1,800)	(1,153)
Changes in non-cash working capital items			
Accounts receivable		**(2,558)**	(3,407)
Accounts payable and accrued liabilities		**2,845**	(1,191)
Inventories		**(2,801)**	5,416
Net cash used in operating activities		**(4,314)**	(335)
Cash flows from investing activities			
Addition of property and equipment during the period	7	**(14)**	(9)
Net cash used in investing activities		**(14)**	(9)
Cash flows from financing activities			
Issuance of special warrants		-	896
Loans and borrowings	9	**4, 179**	265
Net cash provided by financing activities		**4,179**	1,161
Net change in cash and cash equivalents		**(149)**	817
Cash and cash equivalents – beginning of period		**10,698**	737
Exchange gains (losses)		**(234)**	16
Cash and cash equivalents – end of period		**10,315**	1,570

1 Corporate information and description of business

DataWind Inc. (the "Company" or "DataWind") was incorporated on April 16, 2014 under the Canada Business Corporations Act (CBCA) and its head office is located at 7895 Tranmere Drive, Suite 207, Mississauga, Ontario, Canada. DataWind is a publicly-traded company listed on the Toronto Stock Exchange (TSX: DW). The Company is a provider of low-cost Internet connectivity for the emerging markets.

On July 8, 2014, and immediately prior to the completion of the initial public offering ("IPO") of Datawind shares on the same date, all issued and outstanding Ordinary shares of Datawind UK Plc. ("Datawind UK"), an entity under common control with the Company, were exchanged for Common shares of the Company on the basis of ten Datawind UK Ordinary shares for one Common share of the Company. Holders of DataWind UK Ordinary shares became shareholders of DataWind and Datawind UK became a wholly-owned subsidiary of DataWind (the "Pre-IPO Reorganization"). This Pre-IPO Reorganization has been accounted for as a reorganization and capital transaction of DataWind such that the consolidated financial statements of DataWind are a continuation of, and reflect, the historic financial position and results of operations of DataWind UK retrospectively based on the carrying values and results of operations presented in the Datawind UK historic consolidated financial statements.

2. Approval of financial statements

These condensed consolidated interim financial statements (the "financial statements") of the Company were authorized for issue in accordance with a resolution of the board of directors on August 14, 2015.

3. Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Statement of compliance
These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

These financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2015 as they do not include all of the information required in annual financial statements, prepared under International Financial Reporting Standards ("IFRS").

The accounting policies and methods of computation as disclosed in the Company's year ended March 31, 2015 audited consolidated financial statements have been applied consistently to all periods presented in these financial statements.

Presentation currency
All amounts presented in these financial statements are in thousands of Canadian dollars ("CAD") unless otherwise stated.

Previous year's first quarter figures were in British Pounds (£), which have been converted to Canadian dollars.

While each of the Company's subsidiaries has its own functional currency, the functional currency of the parent company, DataWind Inc., is the Canadian dollar. The majority of the revenues, cost of goods sold and operating expenses within the subsidiaries are transacted in a combination of Indian rupees and US dollars. Presenting these financial statements in Canadian dollars allows investors to more easily compare the Company's results with most of its direct competitors and limits foreign currency fluctuation.

Seasonality
The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year as the Company continues to experience growth. The Company's revenue and earnings have not historically been subject to quarterly seasonality as the Company's production levels have yet to exceed demand.

Basis of measurement
These financial statements have been prepared on a historical cost basis except for stock-based compensation, which is measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Basis of consolidation
The financial statements include the accounts of the Company and its wholly-owned subsidiaries. All transactions and balances between these companies have been eliminated on consolidation.

The financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of operations from the date on which control is obtained.

The subsidiaries of Datawind Inc. as at June 30, 2015, all of which have been included in these financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership
Datawind UK Plc[1]	United Kingdom	100%
Tablet Investments Ltd	United Kingdom	100%
Tablet (Guernsey) Investments Ltd	Guernsey	100%
DataWind Limited	United Kingdom	100%
DataWind Net Access Corporation	Canada	100%
DataWind Innovation Pvt. Ltd.	India	99.99%

[1] Effective July 8, 2014, Datawind UK Plc has been re-registered as Datawind UK Ltd as it is no longer a public limited company

4. Significant accounting policies

Foreign currency translation

These financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency. The functional currency for the subsidiaries, being the currency of the primary economic environment in which the entities operates, are British Pounds (£) and Indian Rupees (Rs).

Items included in the financial statements of each entity are measured using their respective functional currencies and foreign currency transactions are initially recorded in the functional currency of each entity by applying the exchange rate ruling at the date of the transaction. At the end of each reporting period monetary items are re-translated using the closing rate. All exchange gains and losses are included in other comprehensive income in the financial statements. Non-monetary items measured in terms of historical cost are translated at the exchange rate at the date of the transaction and non-monetary items measured in terms of fair value are translated at the exchange rate at the date when the fair value was determined.

At the end of each reporting period the results and financial position of the subsidiary are translated into the Company's presentation currency. Assets and liabilities are translated at the closing rate. Revenues and expenses are translated using the average rate for the reporting period, as an approximation to the exchange rate at the date of each transaction. All exchange gains and losses on translation are included in other comprehensive income.

Property and equipment

Items of property and equipment are initially recognised at cost. Depreciation is provided on all items of office and computer equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Office and computer equipment	33% per annum on a declining basis

An asset's residual value, useful life and depreciation method are reviewed at each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized in profit or loss.

Financial assets

The Company classifies its financial assets into one category only as discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity and fair value through profit and loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of operations. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's loans and receivables comprise trade and other receivables in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of six months or less.

Financial liabilities

The Company classifies its financial liabilities in one category only. Other financial liabilities include the following items:

- Loans and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Revenue

Revenue from sales of goods

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met as follows:

- At the time the device is picked up by the third party distribution company for cash on delivery sales
- At the time when the retailer receives delivery for retail sales.

Where a customer has a right of return for defective units, the Company replaces the unit or gives a credit to the customer when the unit is returned. Defective units are aggregated and forwarded to their respective manufacturer for warranty replacement with the Company's contract manufacturers on a monthly basis. Contract manufacturers provide one year warranty terms to Datawind Inc. Returned goods do not attract duties or tariffs upon re-entry. As the only costs associated with the warranty process assumed by Datawind Inc. relate to shipping, no provisions for warranty work have been accrued.

Revenue from connection and data fees

Revenue received in respect of the connection and data fees is deferred and recognised over the initial subscription period of one year.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognised in the period in which they are rendered.

Share-based compensation

The Company has a stock option plan for executives and other key employees. The Company measures and recognizes compensation expense based on the grant date fair-value of the stock options issued using the Black-Scholes pricing model. The offsetting credit is recorded in contributed surplus. Compensation expense is recorded on a straight-line basis over the vesting period, based on the Company's estimate of stock options that will ultimately vest. At each reporting period, the Company revises its estimate of the stock options expected to vest. The impact on the change in estimate, if any, is recognized over the remaining vesting period. Consideration paid by employees on the exercise of options and related amounts of contributed surplus are recorded as issued capital when the shares are issued.

Research and development costs

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value using weighted average price. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Amortisation of the asset is included with the administration expenses in the consolidated statement of operations.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similarly to basic earnings per share, except that the weighted average number of shares outstanding is increased to include additional shares for the effects of all dilutive potential common shares, warrants and share options granted to employees and directors. The effects of anti-dilutive potential common shares are ignored in calculating diluted EPS.

Share capital – Options and Warrants

Financial instruments (Options and Warrants) issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Income taxes

The Company's deferred income tax assets and liabilities are recognized for the future tax consequences attributable to tax loss carry forwards and to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change of statutory tax rates is recognized in income in the period of enactment or substantive enactment. Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in compliance with IFRS requires management to select appropriate accounting policies and to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Warranty claims

The Company generally offers one-year warranties on most of its products. The Company has not provided for any future warranty claims as any claims will be reverted back to the manufacturer.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. The Company has provided against all old stock of devices and components which do not relate to the new Tablet devices. The total provision amounts to nil in the June quarter 2015 (2014: nil).

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Estimation uncertainty

Critical accounting policies and estimates utilized in the normal course of preparing the Company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts of accounts receivable; allowance for bad debts; useful lives of property and equipment; provision for inventory at the lower of cost and net realizable value, stock-based compensation and measurement of deferred taxes. In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis where required.

These estimates have been applied in a manner consistent with that in the prior periods and there are no known trends, commitments, events or uncertainties that are believed to materially affect the methodology or assumptions utilized in these financial statements. The estimates are impacted by many factors, some of which are highly uncertain. The interrelated nature of these factors prevents the quantification of the overall impact of these movements on the Company's financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

Future changes in accounting policies

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 issued in July 2014, replaces IAS 39 Financial Instruments: recognition and measurement ("IAS 39"). This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities and introduces a new hedge accounting model. This IFRS, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of assessing the impact of this standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

Issued in May 2014, IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of this standard is that an entity shall recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Adoption of this IFRS is mandatory for annual reporting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of assessing the impact of this standard on its financial statements.

5. Cash and cash equivalents

	June 30, 2015	March 31, 2015
Cash	**$ 4,078**	$ 1,667
Short-term investments	**6,237**	9,031
Total	**$ 10,315**	$ 10,698

All cash and cash equivalents are held in high rated banks -Barclays Bank plc, Bank of Montreal and The Housing Development Finance Corporation Limited (HDFC) bank in India. Cash equivalents are held in diverse government bonds and treasury bills to ensure maximum insurance coverage.

6. Trade and other receivables

	June 30, 2015	March 31, 2015
Trade receivables	**$ 15,575**	$ 12,871
Other receivables	**1,070**	1,216
Total financial assets other than cash and cash equivalents classified as loans and receivables	**16,645**	14,087
Total trade and other receivables	**16,645**	14,087
Current portion	**$ 16,645**	$ 14,087

7. Property and equipment

April 1, 2015	Property and equipment	Accumulated depreciation	Net Book Value
Opening balance	$ 264	($ 108)	$ 156
Addition in assets	14	-	14
Depreciation for the period	-	(16)	(16)
Foreign exchange adjustments	-	16	16
June 30, 2015	**$278**	**($108)**	**$170**
April 1, 2014			
Opening balance	$ 195	($ 60)	$ 135
Addition in assets	61	-	61
Depreciation for the year	-	(67)	(67)
Foreign exchange adjustments	8	19	27
March 31, 2015	**$ 264**	**($ 108)**	**$ 156**

8. Current liabilities

	June 30, 2015	March 31,2015
Trade payables	**$ 10,456**	$ 8,867
Other payables	**2,427**	1,043
Accruals	**50**	98
Total liabilities measured at amortized cost	**12,933**	10,008
Other payables - tax and social security payments	**414**	597
Deferred income	**169**	66
Loans and borrowings (Note 9)	**11,452**	7,273
Total current liabilities	**$ 24,968**	$ 17,944

	June 30, 2015	March 31,2015
up to 3 months	**$ 24,724**	$ 17,878
3 to 6 months	**75**	66
6 to 12 months	**169**	-
Current portion	**$ 24,968**	$ 17,944

9. Loans and borrowings

There are no undrawn and committed facilities available to the Company. A syndicated group of private investors agreed to provide private loans to Tablet Investments Ltd. and Tablet (Guernsey) Investments Ltd. at the flat rate of 17% per year paid quarterly. These loans are recorded as short-term loans because no repayment terms are agreed with investors.

10. Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares with no stated par value.

The following is a continuity of the common shares:

April 1, 2015

	Number of Shares	Share Capital
Issued		
Shares outstanding at April 1, 2015	22,057,623	$ 52,168
Shares outstanding at June 30, 2015	**22,057,623**	**$ 52,168**

April 1, 2014

	Number of Shares	Share Capital
Issued		
Shares outstanding at April 1, 2014	154,317,344	$ 25,294
Special warrants		896
Shares outstanding at June 30, 2014	**154,317,344**	**$ 26,190**
Shares outstanding Consolidated (10:1) at June 30, 2014	**15,431,734**	**$ 26,190**

<u>Warrants</u>
Each warrant entitles the holder to purchase one common share of the Company. The Company's outstanding warrants as at June 30, 2015 are 3,411,671 (June 30, 2014-3,228,664). 250,431 (June 30, 2014- Nil) warrants expired during the period.

<u>Option Plan</u>
The Company's share option scheme (the "Scheme") was approved on July 8th, 2014 in conjunction with the IPO by the board of directors. Options are granted with a fixed exercise price and have a contractual life of 10 years and vesting period of 3 years. Options were valued using the Black-Scholes option pricing model. Options will be settled by issuing equity shares of the Company.

As at June 30, 2015, there are 22,057,623 (June 30, 2014-15,431,734) common shares, 3,012,579 (June 30, 2014-2,938,790) options and 3,411,671 (June 30, 2014-3,463,553) warrants outstanding.

	Share	***Options***	***Warrants***
Before IPO April 1, 2014	154,317,346	21,891,900	32,286,640
Restated to reflect 10:1 consolidation	15,431,734	2,189,190	3,228,664
Special warrants issued Q1 2014			234,889
Strategic advisory warrants	-	-	508,438
Special warrants converted to common shares July 7, 2014	234,889	-	(234,889)
Issued in IPO July 7, 2014	6,316,000	-	-
Granted during the year 2014-15	-	823,389	-
Expired during the year 2014-15	75,000	(67,467)	(75,000)
Correction in Q1 2015		67,467	
Expired during the period June 30, 2015	-		(250,431)
Total as on June 30, 2015	22,057,623	3,012,579	3,411,671

A reconciliation of option movements over the period up to June 30 is shown below after giving effect to a 10:1 post-IPO consolidation:

	June 30, 2015		June 30, 2014	
	Number	**Weighted average exercise price**	**Number**	**Weighted Average Exercise Price**
Outstanding at start of period April 1	2,945,112	$3.50	2,189,190	$3.39
Granted during the period			749,600	$3.76
Correction in Q1 2015	67,467	$3.50		
Expired during the period	-	-	-	-
Outstanding at end of period	3,012,579	$3.50	2,938,790	$3.48
Exercisable at end of period June 30	2,769,190	$3.39	2,938,790	$3.48

The fair value per option granted and the assumptions used in the calculation are as follows:

	June 30, 2015	**June 30, 2014**
Share price at grant date	N/A	$2.70
Weighted average exercise price	N/A	$3.80
Weighted average vesting period (years)	N/A	2.73
Expected volatility	N/A	38%
Risk free rate	N/A	1.8%
Weighted average fair value per option	N/A	$0.70

The expected volatility is based upon publicly available volatility measures of comparable companies. The risk free rate of return is the yield based on Canadian government bonds of a term consistent with the option life.

The total charge for the period ended June 30, 2015 relating to employee share based payment plans was $32 (June 30, 2014 - $284) all of which related to equity settled share-based payment transactions.

A reconciliation of warrant movements over the period up to June 30 is shown below after giving effect to a 10:1 post-IPO consolidation:

	June 30, 2015		June 30, 2014	
	Number	**Weighted average exercise price**	**Number**	**Weighted Average Exercise Price**
Outstanding at start of period April 1	3,662,102	$3.48	3,228,664	$3.24
Special warrants issued Q1 2014			234,889	$3.81
Expired during the period	(250,431)	$3.64	-	-
Outstanding at end of period June 30	3,411,671	$3.47	3,463,553	$3.28
Exercisable at end of period June 30	3,411,671	$3.47	3,463,553	$3.28

11. Administration cost

	June 30, 2015	June 30, 2014
Salaries	**$ 1,205**	$ 713
Selling and marketing	**917**	173
Legal and professional	**239**	57
Travel	**268**	303
Depreciation of property and equipment	**16**	9
Rent	**93**	37
Share based compensation	**32**	284
Insurance	**108**	56
Other	**233**	234
	$3,111	$1,866

12. Finance income and expense

	June 30, 2015	June 30, 2014
Interest income	**$20**	$ -
Interest expense	**(965)**	(248)
	$(945)	$(248)

13. Related parties

During the period DataWind entered into the following related party transactions. With the exception of inventory financing, all amounts owing to related parties have been paid during the period with no outstanding balances.

Tablet Investments holds syndicated debt used to purchase inventory on our behalf in exchange for 5% of inventory costs, which are remitted to Tablet Investments after cash payment was received in full for the devices. Ownership of purchased inventory was maintained within Tablet Investments. There was one director in common with Tablet Investments, being Viscount Nicholas Bearsted, who was also a shareholder in both entities prior to its acquisition.

Datawind Research Inc.

External transactions with Datawind Research Inc., a company which is 100% owned by a director of the Company, are performed in the normal course of business and relate to the purchase of product development services prior to initial public offering. $2.5M was incurred during the period ending June 30, 2014 and was paid subsequent to initial public offering. There was no activity with this entity during the period ended June 30, 2015.

1003161 Ontario Inc.

External transactions with 1003161 Ontario Inc., a company under common ownership, are performed in the normal course of business and relate to managerial services provided to the Company by Raja, Suneet, and Lakhbir Tuli prior to the initial public offering. $283 was incurred in the period ending June 30, 2014 and was paid on July 8th 2014.
No further amounts are due. There was no activity with this entity during the period ended June 30, 2015.

14. Commitments and contingencies

At June 30, 2015 the Company had operating lease agreements in respect of properties for which the payments extend over a number of years.

	June 30, 2015	June 30, 2014
Total payments to end of lease under non-cancellable operating leases expiring:		
No later than one year	**$162**	$ 43
Later than one year and not later than 5 years	**$115**	$31

15. Financial instruments

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

	At June 30, 2015		**At March 31, 2015**	
Financial Assets	**Carrying Value**	**Maximum Exposure**	**Carrying Value**	**Maximum Exposure**
Cash and cash equivalents	10,315	10,315	10,698	10,698
Trade and other receivables	16,645	16,645	14,087	14,087
Total financial assets	$26,960	$26,960	$ 24,785	$ 24,785

Cash in bank

All the cash is held in high rated banks -Barclays Bank plc and Bank of Montreal and The Housing Development Finance Corporation Limited (HDFC).

The Company is exposed through its operations to the following financial risks:

Credit risk

The Company's maximum exposure to credit risk in relation to trade receivables is equal to the carrying value of trade receivables. The Company does not hold any collateral or other credit enhancements as security over these balances. The majority of the Company's trade receivables are due from customers with whom the Company has had a business relationship for many years.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with reasonable rating are accepted.

Foreign exchange risk

Foreign exchange risk arises when individual Company entities enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow Company entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Company entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Company, of liabilities due for settlement and expected cash reserves.

Net foreign currency

	United Kingdom		**Canada**		**India**		**Total**	
	At Jun 30, 2015	**At Mar 31, 2015**	**At Jun 30, 2015**	**At Mar 31, 2015**	**At Jun 30, 2015**	**At Mar 31, 2015**	**At Jun 30, 2015**	**At Mar 31, 2015**
Canadian Dollar	-	-	$7,016	$9,575	-	-	$ 7,016	$ 9,575
Pounds Sterling	2,234	878	-	-	-	-	2,234	878
Rupees	-	-	-	-	1,065	245	1,065	245
Total net	$ 2,234	$ 878	$ 7,016	$ 9,575	$ 1,065	$ 245	$ 10,315	$ 10,698

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 45 days. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its borrowings.

The following table sets out the contractual maturities of financial liabilities:

As at June 30, 2015	Carrying Amount	Contractual Cash Flows	Up to 3 months	3 to 6 months	6 to 12 months
Accounts payable and accrued liabilities	$ 13,516	$ 13,516	$13,441	$ 75	$-
Loans and borrowings	11,452	11,452	11,452	-	-
Total	$ 24,968	$ 24,968	$ 24,893	$75	$ -

As at March 31, 2015	Carrying Amount	Contractual Cash Flows	Up to 3 months	3 to 6 months	6 to 12 months
Accounts payable and accrued liabilities	$ 10,671	$ 10,671	$ 10,605	$66	$ -
Loans and borrowings	7,273	7,273	7,273	-	-
Total	$17,944	$17,944	$17,878	$66	-

16. Segmented Information

IFRS 8 *Operating Segments* defines an operating segment as (a) a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance and (c) for which discrete financial information is available. For management purposes the Company's activities are attributable to a single operating segment. Consequently, the Company does not present any operating segment information.

The Company operates three regional business units: India, UK, and Canada; with the Indian segment accounting for the largest proportion of the Company's business, generating 99% (June 30, 2014: 80%) of its external revenues for the period ended June 30, 2015 and 2014.

The Company's reportable segments are aligned as operating segments consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding the effects of share-based payments.

Inter-segment sales are priced at cost and applied consistently throughout the current and prior period, if any.

Revenue by geographic area

The location of the customer determines the geographic areas for revenue.

		June 30, 2015		June 30, 2014
India	94.5%	11,715	80%	4,372
Outside of India	5.5%	682	20%	1,093
Total		**$ 12,397**		**$ 5,465**

17. Capital management

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management. The Company currently has not paid any dividends to its shareholders.

As at June 30, 2015, total managed capital was comprised of shareholders' equity of $12.1 million. There were no changes in the Company's approach to capital management during the period.

Capital

The Company considers its capital to comprise its shareholders equity. Changes to equity during the period are detailed in the Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency) on page 5.

Financial instrument risks

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

18. Loss per share attributable to common shareholders

	June 30, 2015	June 30, 2014
Net loss for the period	$ (1,386)	$ (1,711)
Net loss per share Basic and diluted	$ (0.06)	$ (0.11)
Weighted average number of shares outstanding Basic (000)	22,058	15,432

Fully diluted EPS has been excluded due to its antidilutive nature.

For the period ended June 30, 2015 the number of shares, options and warrants that could potentially dilute basic earnings per share in the future were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive because of losses.

The weighted average number of shares outstanding for the comparative period ended June 30, 2014 has been adjusted retrospectively to give effect to the 10:1 share consolidation that took place during fiscal 2015.

19. Key management personnel and director compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and are defined as the Chief Officers of the Company and the Company's Board of Directors. The Company's compensation program is administered by the Board of Directors and specifically provides for total compensation for executive officers, which is a combination of base salary, performance-based incentives and benefit programs that reflect aggregated competitive pay in light of business achievement, fulfillment of individual objectives and overall job performance. Directors, executive officers and employees participate in the Company's stock option plans (Note 10).

The following summarizes key management personnel and directors' compensation for the periods ended June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
Salaries and directors' fees	**$ 262**	$341
Share-based payments	**32**	284
Total compensation cost	**$294**	$625