

**ONEMOVE TECHNOLOGIES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTH PERIOD ENDED  
DECEMBER 31, 2009**



**(TSX: OM.V)**

**Creators of econveyancePro™**

## **INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") of the financial conditions and results of operations is for the six month period ended December 31, 2009 of OneMove Technologies Inc. (the "Company" or "OneMove"). This MD&A is intended to help readers understand OneMove, its business, strategies, performance, and future outlook from the perspective of management. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended June 30, 2009 and 2008. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website [www.onemovetech.com](http://www.onemovetech.com)

The MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations." The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principals ("GAAP"). The Company's reporting currency is Canadian dollars unless otherwise stated.

The date of this Management's Discussion and Analysis is as at February 10, 2010.

## **PUBLIC LISTING AND QUALIFYING TRANSACTION**

OneMove Technologies Inc. was originally listed on the TSX Venture Exchange (the "Exchange") on February 9, 2006 as a capital pool company under the name Interlude Capital Corp. ("Interlude"). Interlude changed its name to OneMove Technologies Inc. and resumed trading on October 24, 2006 under its new name and the symbol - "OM".

## **FORWARD LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward looking statements that reflect the current view of the Company with respect to future events and financial performance. Forward-looking statements entail various risk and uncertainties that could cause or contribute to actual results that are materially different than those expressed or implied. For additional information with respect to these risks and factors, reference should be made to the "Risk Factors" section of the Company's annual MD&A for the year ended June 30, 2009 and the prospectus filed on SEDAR with respect to the public offering completed in October 2006. The Company assumes no obligation to publicly update or revise any forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

## **NON-GAAP FINANCIAL MEASURES**

The Company discloses Earning Before Interest, Depreciation and Amortization ("EBITDA"), a non-GAAP financial measure, as a supplemental indicator of operating performance. EBITDA is used internally by the Company to compare cash operating results from one period to another. EBITDA for the purposes of this analysis also excludes stock based compensation, shares issued for services and "Other items" per the financial statements.

EBITDA does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned not to view this non-GAAP financial measure as an alternative to financial calculations in accordance with GAAP.

## **THE COMPANY**

### **Overview of the business**

OneMove Technologies Inc. ("OneMove" or the "Company"), the creators of econveyance™ and the newly released system econveyancePro™ ("econveyance"), is the largest provider of a leading edge real estate transaction platform in British Columbia. Through econveyance, its proprietary web-based conveyancing software solution, OneMove simplifies and expedites the process of buying and selling real estate. Econveyance links all participants in the property transfer process, offering a secure and efficient means of seamlessly completing the transaction online.

### **Operations in British Columbia**

The market activity produces an estimated average of 800,000 residential real estate filings which translate into approximately 300,000 transactions per annum, 36% of which are buying, 36% are selling and 28% are refinancing<sup>1</sup>. Although computers have improved the speed and accuracy of the property transfer data exchange process known as "conveyancing," the process is still dominated by paper-based transactions, which result in duplicated efforts and additional expense.

Econveyance, OneMove's core offering, is Canada's only entirely web-based collaborative data platform that has transformed the antiquated paper-based property transfer process into a completely integrated electronic exchange environment for lawyers, lenders, insurance companies, realtors, buyers and sellers. All users have a secure and efficient means of seamlessly monitoring and completing the real estate buying or selling transaction online.

In B.C. the real estate market and provincial land registries are moving toward a paperless property transfer process, facilitating the ability to file completed land transfer documentation electronically. As the largest network of conveyancing professionals in the province there are now over 356 firms using econveyance. As at August of 2009, the Land Title and Survey Authority of British Columbia reported that approximately 50% of real estate buy or sell transactions are completed online<sup>1</sup>. OneMove's customer base of lawyers and notaries are using econveyance to file more than 30% of all the documents presently being filed electronically with the Land Title and Survey Authority of British Columbia.

### **Growth strategy**

Management believes that OneMove will realize continued adoption of econveyance as a result of four key factors:

- 1) Law and notary firm's desire to increase productivity due to overall reductions of staff and economic conditions
- 2) The continued adoption of electronic filing of conveyance documents in British Columbia
- 3) OneMove's competitive advantage in terms of superior quality of its software and customer service
- 4) Viral adoption – econveyance is a shared platform that is now recognized as the standard in conveyance document preparation

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<sup>1</sup> Land Title and Survey Authority

**OneMove has a three-pronged growth strategy:**

- 1) Expand its user base by capitalizing on the viral adoption of its software platform along side the real estate industry's shift to electronic filing
- 2) Grow transaction volumes by concentrating marketing and sales efforts on real estate and law firms that have higher volumes of conveyance transactions as well as real estate marketing firms that are involved in new inventory sales transactions, and
- 3) Expansion to other Canadian Provinces

**Market Conditions and Outlook**

Capital markets across the world experienced severe volatility in 2008. The deterioration of the U.S. residential mortgage market that began in 2007 precipitated a global credit crisis prompting unprecedented responses from governments and central banks.

Company revenue is dependent upon the level of market activity on purchases, sales and refinancing of real estate in British Columbia. Transactional volumes in British Columbia have recovered to levels surpassing volumes seen prior to the market correction that occurred in the fall of 2008.

**SECOND QUARTER OF FISCAL 2010 PERFORMANCE SUMMARY**

The continued improvements in OneMove's operations are attributable to two factors, the dramatic recovery of the real estate market in B.C. and the reduction of operating expenses. Transactional volumes dipped to new record lows and then recovered to new record highs within the past 12 months. As a result of the market volatility the Company has been able to expand its conveyance offering to firms trying to cope with internal capacity issues that resulted from the reduction in staffing levels brought on by the economic downturn. The return to new record sales required firms to be more productive with existing capacity and staff levels. Therefore the value proposition of using conveyance was enhanced while strengthening our visibility and viral adoption in the real estate marketplace. During the second quarter the Company increased its marketing efforts following the Pacific Legal technology and the production release of the latest version of the Company's software conveyancePro. OneMove is now recognized in British Columbia as the largest and fastest growing network of conveyancing professionals of its kind.

**Second Quarter Operational Highlights**

- The Company achieved positive EBITDA in Q2 following its first profitable quarter in Q1
- Total revenue increased by 65% to \$528,000 for Q2 of fiscal 2010 from \$345,000 in Q2 in fiscal 2009
- Transactional volumes increased 55% to 16,331 for Q2 of fiscal 2010 from 10,569 in Q2 in fiscal 2009
- Expenses increased \$22,481 or 15% to \$614,000 compared to \$591,000 for Q2 of fiscal 2009
- Average daily revenues grew 52% to \$7,600 in Q2 of fiscal 2010 from \$5,000 in Q2 of fiscal 2009
- Client firms increased by 18% to 356 in Q2 of fiscal 2010 from 301 in Q2 of fiscal 2009
- Released the production version of conveyancePro™; a completely rewritten version of its software platform with 29 new features and enhancements

**RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIOD ENDED DECEMBER 31, 2009**

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with Canadian GAAP.

(Expressed in \$'000)	<b>Three months ended December 31,</b>		<b>Six months ended December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	\$ 528	\$ 345	\$ 1,085	\$ 792
	-	-		
	\$ 528	\$ 345	\$ 1,085	\$ 792
General Administration	527	496	989	1,159
Amortization	73	29	122	57
Interest	10	13	33	27
Stock based compensation	4	53	18	84
Other items	-	(2)	(1)	(2)
<b>Net Income (loss) from operations</b>	\$ (86)	\$ (244)	\$ (76)	\$ (533)
<b>Adjusted EBITA for continuing oper.</b>	\$ 1	\$ (151)	\$ 96	\$ (367)
Fully diluted EPS for continuing oper.	\$ -	\$ (0.01)	\$ -	\$ (0.02)
<b>Balance Sheet:</b>				
Working capital (deficiency)	\$ (378)	\$ (48)	\$ (840)	\$ 40
Total assets	\$ 1,052	\$ 686	\$ 2,181	\$ 1,640
Total long-term liabilities	\$ 20	\$ 88	\$ 40	\$ 176
Cash and cash equivalents	\$ 168	\$ 34	\$ 342	\$ 261
Shareholder's equity (deficiency)	\$ 460	\$ 285	\$ 909	\$ 893

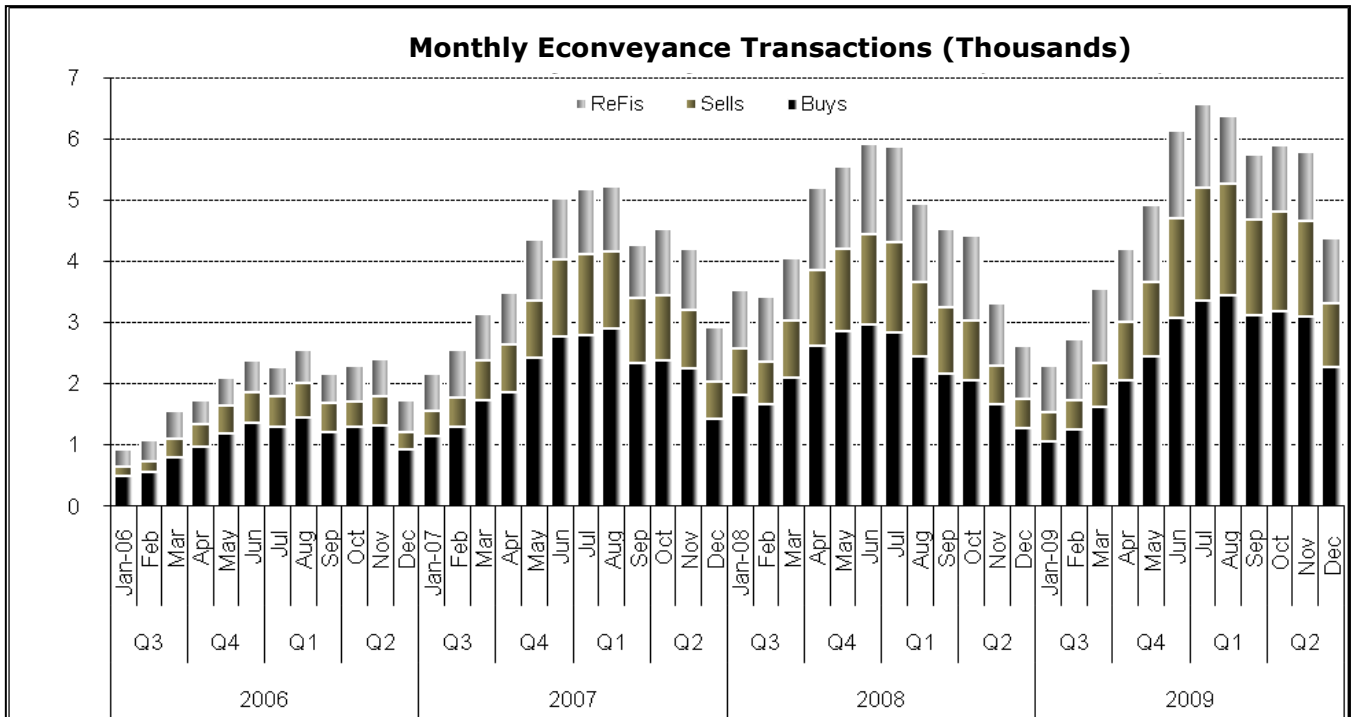
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**Selected Q2 Financial Information:**

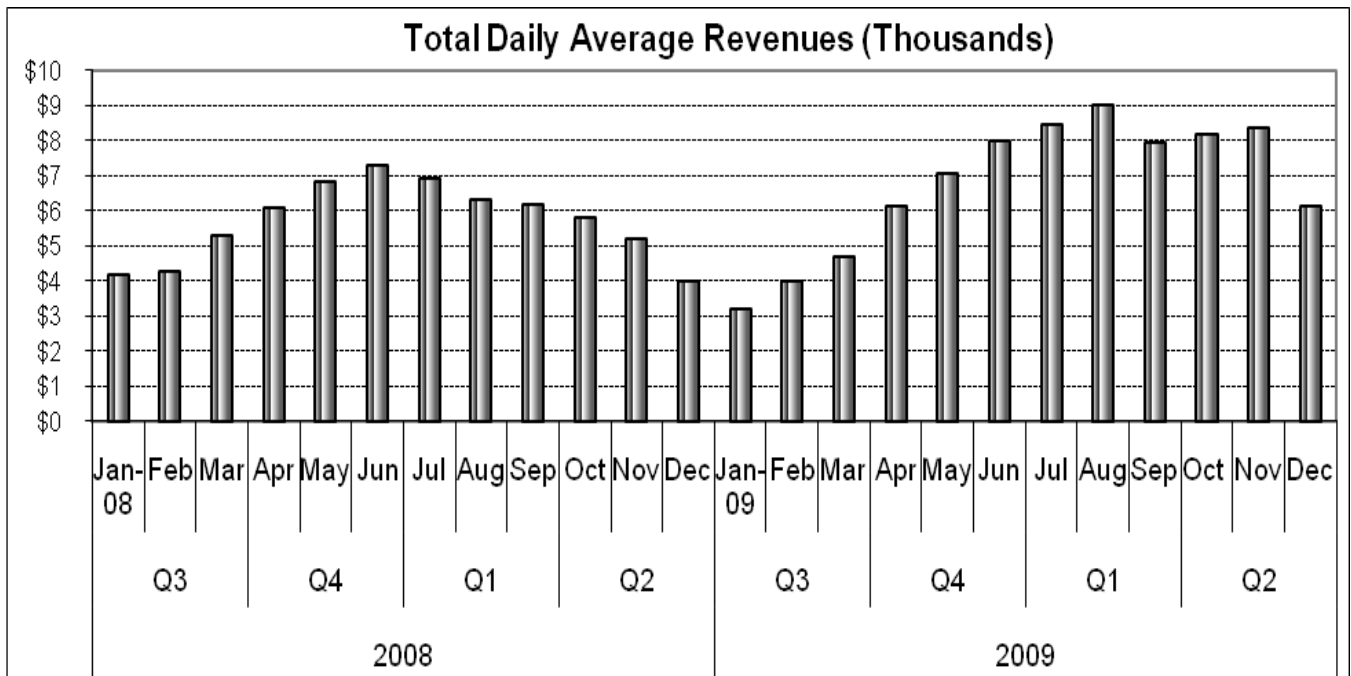
The following selected quarterly information is derived from the unaudited consolidated interim financial statements of the Company for the last eight quarters.

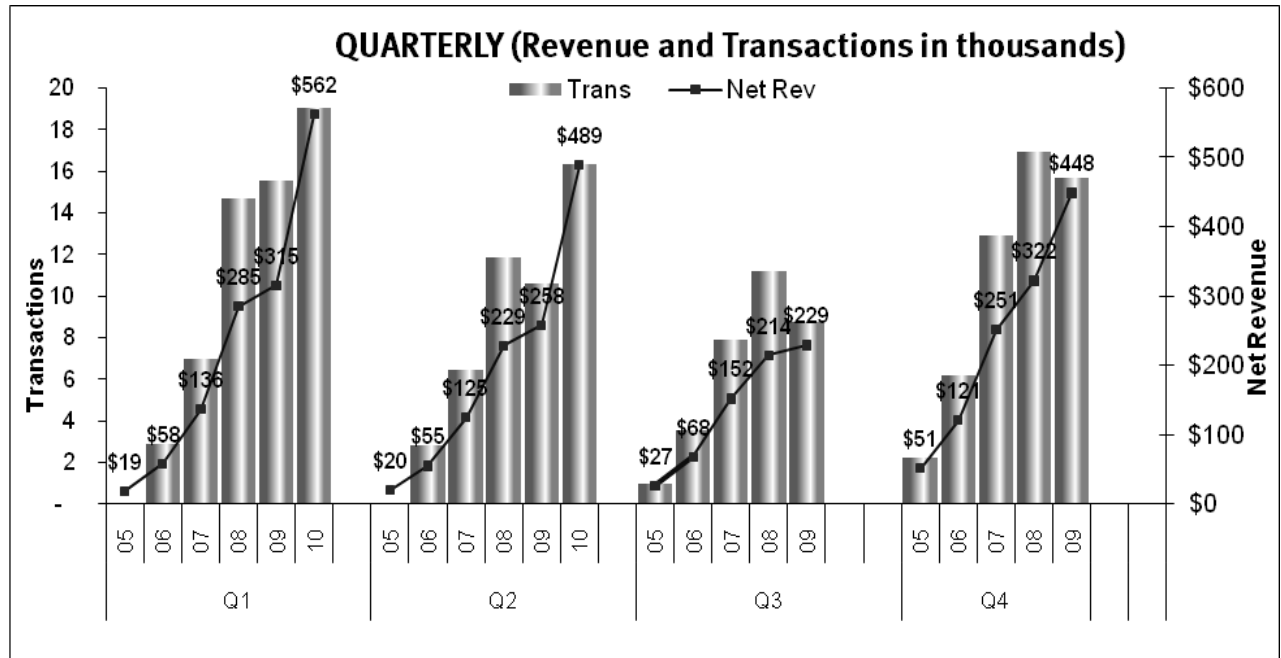
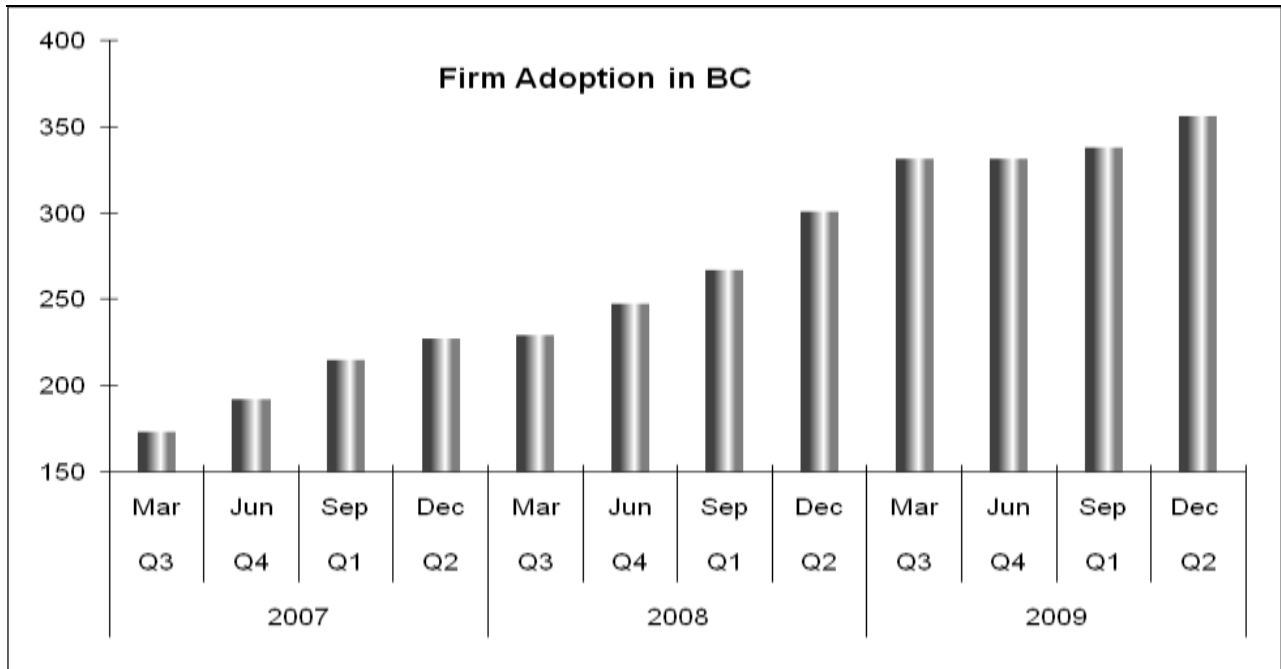
(Expressed in \$'000)	Fiscal 2010		Fiscal 2009				Fiscal 2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Total revenue from operations</b>	\$ 528	\$ 557	\$ 482	\$ 264	\$ 345	\$ 447	\$ 492	\$ 335
- General and administration	527	462	426	458	497	664	810	657
- Amortization	73	49	29	29	29	28	35	36
- Interest	10	23	15	16	13	14	15	14
- Stock based compensation	4	14	60	44	53	31	-	40
- Other items	-	(1)	170	12	(3)	-	214	(127)
- Loss from discontinued oper.	-	-	-	-	-	-	-	(254)
Net income (loss)	\$ (86)	\$ 10	\$ (218)	\$ (295)	\$ (244)	\$ (290)	\$ (582)	\$ (31)
Net income (loss) continuing ops	\$ (86)	\$ 10	\$ (218)	\$ (295)	\$ (244)	\$ (290)	\$ (582)	\$ (285)
Adjusted EBITDA continuing ops	\$ 1	\$ 86	\$ 56	\$ (194)	\$ (152)	\$ (217)	\$ (318)	\$ (576)
Fully diluted EPS continuing ops	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Balance Sheet:								
Working capital (deficiency)	\$ (378)	\$ (462)	\$ (730)	\$ (95)	\$ (99)	\$ 88	\$ 31	\$ 511
Total assets	\$ 1,052	\$ 1,129	\$ 911	\$ 561	\$ 687	\$ 954	\$ 878	\$ 3,763
Long-term liabilities	\$ 20	\$ 20	\$ 20	\$ 88	\$ 88	\$ 88	\$ 118	\$ 131
Cash and cash equivalents	\$ 168	\$ 174	\$ 53	\$ 47	\$ 34	\$ 227	\$ 194	\$ 476
Shareholder's equity (deficiency)	\$ 460	\$ 449	\$ 92	\$ (98)	\$ 285	\$ 608	\$ 541	\$ 3,415

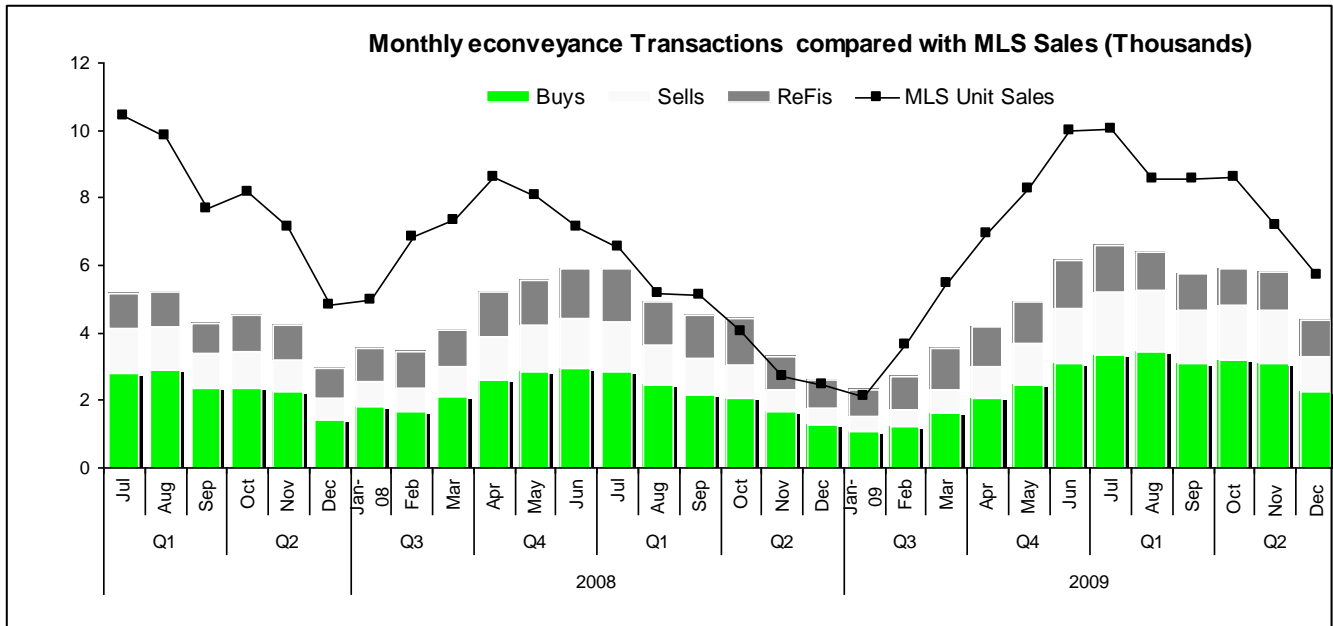
**Revenues** for the second quarter of fiscal 2010 increased by \$182,362 or 53% to \$527,555, compared to \$345,193 for the same period in fiscal 2008. Revenues decreased by \$29,779 or 5% over the previous quarter which is typical with the seasonality of real estate transactions. Revenue for the first half of fiscal 2010 was \$1,084,899, compared to \$791,912 for the first half of fiscal 2009. The improvement year over year in revenues occurred for primarily two reasons. Firstly, as a result of the overall economic improvement in the province and secondly, the continued expansion of the number of customer firms using the software. The number of users during the second quarter increased from 2,016 lawyers/notaries and conveyancers to 2,211 represented by an increase in the number of firms from 267 to 356 from the same period a year ago. During the same period year over year MLS® reported sales increased by 134% or 12,327 unit sales from 9,182 to 21,509. There is one time inclusion of \$30,000 related to deferred revenue that was recognized during the current quarter relating to work performed previously by the Company.



### Daily Average Revenues







**General and administrative expenses** include such items as advertising, commissions/fees, consulting, insurance, investor relations/filing fees, office and general, accounting/legal/profession fees, rent/utilities, salaries/wages, telephone and travel. OneMove reported General and Administrative expenses for the second quarter of fiscal 2010 increased by 15% or \$22,902 from \$591,229 in Q2 fiscal 2009 to \$613,710 in the second quarter of fiscal 2010. For the six months ended December 31, 2009, general and administrative expenses were \$1,162,483, a decrease of \$164,905 from \$1,327,388 for the six month period ended December 31, 2008.

Increases or Decreases in specific categories are:

1. *Advertising and promotion* – decreased year-over-year from \$5,416 to \$2,500 for the second quarter fiscal 2010. For the first half of fiscal 2010, advertising and promotion increased year-over-year from \$5,603 to \$8,906. The increase is comprised of a newsprint campaign along with attendance at the Pacific Legal Technology Conference held in Vancouver during the first quarter.
2. *Commissions and fees* – were completely eliminated down from \$51,837 in the second quarter of fiscal 2009 and \$159,317 for the six months ended. The reduction results from the Company’s decision to not renew the contract with Access BC (a wholly owned subsidiary of MDA) and the Province of B. C. and thereby no longer being a menu selection item on the government’s web-site; BC Online. As of May 1, 2009 the Company no longer has to pay a combined percentage of 27% of its gross revenues generated through the BC Online site.
3. *Consulting fees* - increased year-over-year from \$2,000 to \$38,823 for second quarter fiscal 2010 as a result of the Company’s use of contractors as a result of previous personnel reductions. For the first half of fiscal 2010, consulting fees increased to \$102,266 from \$88,516.
4. *Investor relations and filing fees* – decreased year-over-year from \$60,974 to \$15,922 for the second quarter fiscal 2009 as a result of the Company’s decision to no longer outsource its investor relations as part of its overall cost cutting measures implemented during the year. For the first half of fiscal 2009, there was a significant decrease year-over-year from \$108,516 to \$19,093.
5. *Professional fees* – decreased by 72% or \$41,821 from \$57,791 in the second quarter of 2009 to \$15,970 in the second quarter of fiscal 2010. The decrease is due to the fact of not having

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additional charges for final UK audit and legal. For the first half of fiscal 2009, professional fees decreased from \$109,463 to \$27,970

6. *Salaries and wages* – increased 35% year-over-year to \$339,587 from \$ 222,138 in the second quarter of fiscal 2010. For the first half of fiscal 2009, salaries and wages increased slightly to \$603,682 from \$494,143. The increase was due to the fact that development costs were no longer being capitalized to specific projects.

**Interest and bank charges** for the second quarter of fiscal 2010 were \$4,112 compared to \$3,429 in the second quarter of fiscal 2009. For the first half of fiscal 2010 interest and bank charges increased from \$5,382 to \$14,542. The reason for the increase is due to the Company now incurring higher processing fees for its customer's prefunded accounts as a result of its decision to no longer be a menu selection on BC Online and is directly related to the increase in revenues.

**Net Loss** for the second quarter of fiscal 2010 was \$(86,155) or \$0.00 per share, compared a net loss of \$(243,874) or \$(0.01) per share for the same period a year ago, a decrease of 65% or \$157,719. For the first half of fiscal 2010, net loss was \$(76,165), or \$(0.00) per share, compared to \$(533,294), or \$(0.02) per share, a decrease of 86% or 457,129.

**EBITDA** for the second quarter of fiscal 2010 was \$1,000, compared to \$(152,053) for the same period a year ago and \$86,329 from the previous quarter. EBITDA from continuing operations for the first half of fiscal 2010 was \$85,951, compared to \$(369,807) for the same period a year ago.

**Total assets** as at December 31, 2010 were \$1,051,643 compared to \$911,326 as at June 30, 2009. The increase of total assets is predominately due to net capitalized costs of approximately \$582,000 associated with the development of econveyancePro.

**Shareholder's equity** of \$459,644 saw a net increase of \$367,588 over the year ended June 30, 2009 of \$92,056. The increase was due to the issuance of share capital.

**Contributed surplus** also increased slightly during the second quarter of fiscal 2010 as described by the following table:

	Amount
Balance as at June 30, 2008	\$ 3,281,600
Stock-based compensation	188,243
Balance as at June 30, 2009	\$ 3,469,843
Stock-based compensation	14,458
Balance as at September 30, 2009	\$ 3,484,301
Stock-based compensation	3,614
Return to treasury	33,979
Balance as at December 31, 2009	\$ 3,521,894

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working capital**

As at December 31, 2009, the Company had cash of \$168,101 and working capital deficiency of \$378,291, compared to cash of \$53,088 and working capital deficiency of \$729,590 as at June 30, 2009. The Company completed a non-brokered private placement where the Company issued 5,260,000 units at a price of \$0.05 per unit, for total proceeds of \$263,000. The private placement represents the first tranche of an announced financing of \$750,000. Subsequent to year the Company closed the second and final tranche of the non-brokered private placement and issued 8,081,000 at price of \$0.05 per unit, for total proceeds of \$404,500. (See subsequent events) The Company continues to implement stringent cost-saving measures to conserve its cash resources.

### **Cash flow**

The Company's principal sources of liquidity are cash provided by operations and issuance of common shares. The Company's principal uses of cash have been to fund working capital, repay debt, purchase capital assets and investment in long-term strategic business activities. OneMove believes that its principal sources of liquidity are sufficient to maintain the Company's operations and to meet planned growth and development.

### **Operating activities**

Net cash provided by (used in) operating activities in second quarter of fiscal 2010 was \$(56,792) compared to \$(148,072) for the second quarter of fiscal 2009. For the first half of fiscal 2010 net cash used in operations decreased from \$(407,766) to \$(37,742). The decrease is primarily due to a reduction of losses from operations in the respective periods.

### **Financing activities**

Net cash provided by financing activities in the second quarter of fiscal 2010 was \$53,201 as compared to \$88,708 for second quarter of fiscal 2009. For the first half of fiscal 2010 net cash from financing activities decreased from \$524,716 to \$305,411. In 2009, the financing activities consisted mainly of the issuance of share capital and the procurement of short term bridge financing.

### **Investing activities**

Net cash used in investing activities in the second quarter of fiscal 2010 was \$(1,952) compared to \$134,243 for the second quarter of fiscal 2009. For the first half of fiscal 2010 net cash used in investing activities declined from \$(276,967) to \$(152,926).

## **CAPITAL LEASE OBLIGATIONS**

The Company leases computer hardware under financing arrangements classified as capital leases. The gross amount of computer hardware assets and related accumulated amortization recorded under capital leases and included in equipment were as follows:

	December 31, 2009	June 30, 2009
Computer equipment	\$ 281,954	\$ 281,954
Accumulated amortization	(157,446)	(135,476)
	<u>\$ 124,508</u>	<u>\$ 146,478</u>

Amortization expenses incurred during the period with respect to the above assets under capital lease totalled \$ 21,970

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**CAPITAL LEASE OBLIGATIONS (CONTINUED)**

The following is a schedule of the future minimum lease payments under the capital leases:

	December 31, 2009	June 30, 2009
2010	\$ 82,253	\$ 109,670
2011	\$ 25,985	\$ 25,985
Total future annual lease payments	\$ 108,238	\$ 135,655
Less amount representing interest	\$ (50,762)	\$ (22,122)
Present value of capital lease obligations	\$ 57,476	\$ 113,533
Less current portion	\$ (37,835)	\$ (93,892)
	\$ 19,641	\$ 19,641

With respect to the above, interest incurred during the period and included in interest expense is \$4,437.

**CAPITAL STOCK**

**Authorized** – Unlimited number of common shares without par value

**Issued and Outstanding**

	Number of Common Shares	Amount
Balance as at June 30, 2007	53,204,611	\$ 18,550,451
Issue of shares upon conversion of debt	264,500	144,800
Cancellation of shares upon sale of OneMove UK (Note 3)	(5,584,169)	(2,010,301)
Share issue costs	-	(6,055)
Balance as at June 30, 2008	47,884,942	16,678,895
Private placement	9,421,690	565,302
Share issue costs	-	(432)
Balance as at June 30, 2009	57,306,632	\$ 17,243,765
Private Placement	5,260,000	263,000
Settlement of wages	641,558	32,078
Issue costs	-	(26,300)
Loan Bonus	312,500	12,500
Guarantee fee	156,000	6,240
Finance Advisory	250,000	10,000
Balance as at September 30, 2009	63,926,690	17,541,283
Return to treasury	(799,357)	(33,573)
Escrow cancellation	(9,663)	(406)
Settlement of Wages	297,440	14,923
Balance as at December 31, 2009	63,415,110	\$ 17,522,227

**CAPITAL STOCK (CONTINUED)**

**a) Issuance of shares for debt**

In July 2007, the Company issued 264,500 common shares to settle \$144,800 of accounts payable and loans payable.

**b) Cancellation of treasury shares**

Pursuant to the sale of OneMove UK (Note 3), the Company received 5,584,169 of its own common shares with a fair value of \$446,734 that were originally issued at a fair value of \$2,010,301. The Company recorded a decrease of share capital of \$2,010,301 and an increase in contributed surplus of \$1,563,567 in connection with the cancellation of these shares.

**c) Consolidation**

At the Company's annual general and special meeting held on December 18, 2009, the shareholders approved, by special resolution, the proposed consolidation of the Company's issued and outstanding common shares on the basis of ten (10) common shares being consolidated into one (1) common share, to be effected at the discretion of the Company's board of directors. The Company's board of directors has 12 months to proceed with the share consolidation, subject to the Company obtaining acceptance of the share consolidation from TSX Venture Exchange. The Company will, subject to the board of director's direction, announce the share consolidation and the specific effective date by way of further news release.

**d) Private Placement**

In September 2008, the Company issued 9,421,690 units at \$0.06 per unit for gross proceeds of \$509,142 of which \$107,100 was received during the year ended June 30, 2008. Of these units, 936,000 were issued to directors and officers for proceeds of \$56,160, of which \$48,240 of subscription proceeds is still receivable by the Company. Each unit consists of one common share and one purchase warrant. Each warrant enables the holder to acquire one common share at \$0.10 until September 4, 2010.

In August 2009, the Company completed a non-brokered private placement of 5,260,000 units at \$0.05 per unit. Each unit consists of one common share and one warrant, entitling the holder to exercise the warrant to purchase one additional share. The warrants are exercisable of \$0.075 for the first year and \$0.10 for the second and third year after issuance.

Subsequent to December 31, 2009 the company completed a non-brokered private placement of 8,081,000 units at \$0.05 per unit. Each unit consists of one common share and one warrant, entitling the holder to exercise the warrant to purchase one additional share. The warrants are exercisable at \$0.075 for the first year and \$0.10 for the second and third year after issuance. (See subsequent events)

**CAPITAL STOCK (CONTINUED)**

**e) Shares Held in Escrow**

The balance of the 917,755 escrowed shares that were subject to time-based release criteria over a three year period from the closing of the reverse takeover were released during the quarter. As at December 31, 2009, there are no common shares of the Company subject to an escrow agreement under which the shares may not be transferred, assigned, or otherwise dealt with without the consent of the Exchange.

3,490,612 shares were subject to a voluntary escrow agreement to be released if the Company achieved certain revenue targets by June 30, 2008. Based on the revenue for fiscal 2008, 2,652,865 shares were to be released from escrow and 837,747 shares were to be cancelled. During the quarter, the number of voluntary escrow shares to be released and cancelled were adjusted to 2,651,509 and 837,319 respectively. Of the shares to be released, 428,466 were considered compensatory in nature with a fair value considered to be \$27,820, and were recorded as compensation expense for the year ended June 30, 2008. Subsequently, 2,651,509 shares were released from escrow and 809,447 shares were cancelled.

**f) Contributed Surplus**

	Amount
Balance as at June 30, 2008	\$ 3,281,600
Stock-based compensation	188,243
Balance as at June 30, 2009	\$ 3,469,843
Stock-based compensation	14,458
Balance as at September 30, 2009	\$ 3,484,301
Stock-based compensation	3,614
Return to Treasury	33,979
Balance as at December 31, 2009	\$ 3,521,894

**g) Stock Options**

The Company has a Stock Option Plan ("the Plan") whereby the aggregate number of shares issuable under the Plan may not exceed 10% of the issued and outstanding share capital. Under the Plan, the exercise price of each option will not be less than the market price of the Company's stock at the date of the grant. Options granted will have a term not to exceed 5 years with vesting provisions determined by the board of directors of the Company.

As at December 31, 2009, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
1,100,000	\$0.10	February 21, 2011
2,050,000	\$0.10	August 25, 2011
250,000	\$0.10	September 16, 2011
1,557,000	\$0.10	October 17, 2011
4,957,000		

**CAPITAL STOCK (CONTINUED)**

Stock option transactions are summarized as follows:

	<b>Options outstanding</b>	<b>Weighted average exercise price</b>
Balance as at June 30, 2007	3,169,000	\$0.55
Granted	1,600,000	\$0.10
Cancelled	(1,143,000)	\$0.55
Balance as at June 30, 2008	3,626,000	\$0.35
Granted	3,857,000	\$0.10
Cancelled/Expired	(2,441,000)	\$0.46
Expired	(85,000)	\$0.55
Balance as at June 30, 2009	4,957,000	\$0.11
Currently exercisable	4,841,000	\$0.11

The weighted average fair value of stock options granted was \$0.04 (2008 - \$0.02) per option. The Company uses the Black-Scholes option pricing model to determine the fair value of options granted. During the current quarter, the Company granted nil (2008 - 2,300,000) options to directors, employees and consultants with a fair value of nil (2008 \$69,351), which is being recognized over the vesting periods of the options. Total stock-based compensation recognized during the second ended December 31, 2009 was \$3,614 (2008 - \$53,424).

The following weighted average assumptions were used for the Black-Scholes valuation of options vested during the period:

	<u>December 31, 2009</u>	<u>June 30, 2009</u>
Expected dividend yield	0%	0%
Expected price volatility	121%	121%
Risk free interest rate	4.45%	4.45%
Expected life	3 years	3 years

**h) Agent's Options**

As at December 31, 2009, there were no agent's options outstanding.

**i) Warrants**

As at December 31, 2009, the following warrants were outstanding and exercisable:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
9,421,690	\$0.10	September 4, 2010
5,260,000	\$0.075/\$0.10*	August 21, 2012

\* see Capital Stock section c) above for exercise price details

**CAPITAL STOCK (CONTINUED)**

Warrant transactions are summarized as follows:

	<b>Warrants outstanding</b>	<b>Weighted average exercise price</b>
Balance as at June 30, 2007	-	-
Issued	5,162,818	\$0.74
Balance as at June 30, 2008	5,162,818	\$0.74
Expired	(5,162,618)	\$0.74
Issued	9,421,690	\$0.10
Balance as at June 30, 2009	9,421,690	\$0.10
Issued	5,260,000	\$0.075/\$0.10
Balance as at December 31, 2009	14,681,690	\$0.10

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The fair value of the Company's financial instruments, except for the capital lease obligations, approximates their carrying values due to the short-term nature of these instruments. The fair value of the capital lease obligations approximates its carrying fair as the interest rates appropriate market rates.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity.

*Credit risk*

Credit risk is risk of financial loss to the Company if any counterparty to a financial statement fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables consist primarily of amounts due from related parties. The Company collects customer deposits in advance of transactions and therefore, the Company is not exposed to significant credit risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is very limited interest rate risk as the Company's interest-bearing debt has fixed interest rates.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

*Foreign exchange risk*

The Company is not exposed to significant foreign exchange risk as it operates in Canada and makes few international transactions.

## **RELATED PARTY TRANSACTIONS**

During the period ended December 31, 2009, the Company entered into transactions with related parties not disclosed elsewhere in these financial statements as follows:

Paid or accrued salaries and wages of \$ 108,948 (2008 - \$110,735) to officers and directors of the Company.

As at December 31, 2009, the Company had \$38,090 (2008 - \$Nil) due to officers included in accounts payable and accrued liabilities, and \$25,401 due from a director and officer included in advances.

These transactions were in the normal course of operations and were measured at the exchange amount which represented the amount of consideration established and agreed to by the related parties.

## **SUBSEQUENT EVENTS**

In January 2010, the Company announced the completion of a non-brokered private placement. The Company issued 8,081,000 units at a price of \$0.05 per unit, for total proceeds of \$404,050. Each unit consists of one common share and one common share purchase warrant, exercisable at a price of \$0.075 per share for the first year and \$0.10 per share for the two subsequent years.

## **RISK FACTORS:**

The Company has identified a number of key risks associated with the execution of its business:

- a) **"Time to market"** is a serious risk facing the business of the Company. The e-commerce industry is fast paced and new ideas for using the Internet to facilitate business activities and transactions appear weekly. It is critical that program design and content development progress rapidly. The Company may experience delays in system development triggered by factors such as insufficient staffing, performance problems or changes to system specifications in response to customer requirements. These factors may cause the system to enter the market behind similar programs or systems that may be in the process of development by other companies. The Company has recently engaged in an accelerated system development program to counter this risk.
- b) The Company has a broad customer base that includes, among others, insurance underwriters, banks and other lenders, lawyers and real estate agents. Some of these customers may be particularly susceptible to a decline in the number of property-related transactions in their respective markets or consolidation trends in their particular industry. Accordingly, the Company continually monitors industry trends and the status of its customers. The risk remains, however, that the insolvency or merger of a number of significant customers, without new customers being brought on, could have a material adverse effect on the Company's results of operations or the Company's further growth.
- c) The *econveyancePro*<sup>™</sup> system has been successfully developed, marketed and implemented in British Columbia, but there may be significant risks associated with extending the system beyond the province both domestically and internationally. This is because the content and procedures of the targeted transaction will vary from jurisdiction to jurisdiction, and accordingly, not all of the current features or other features currently being developed within the system will be appropriate for every jurisdiction.
- d) It is not known how well the OneMove system will be accepted by the market. Although demonstrably effective, there will be perceived security concerns given the nature of the transaction being served by the system. For this reason, the OneMove system is being developed utilizing advanced encryption techniques to maintain security and confidentiality.
- e) There has been no record of profitability and there is a risk that the Company will not be able to raise significant levels of financing to enable it to continue to develop the program.

**RISK FACTORS (CONTINUED)**

- f) The Company anticipates rapid growth in demand for the use of its communication platforms that will necessitate equally rapid growth in the number of employees and the scope of its operations. To manage growth, the Company will need to continue to improve its operational, financial and management information systems and will need to hire, train and manage a growing number of employees. Competition for qualified technical personnel is strong and there can be no assurance that the Company will be able to achieve or manage any future growth and its failure to do so could delay system development on the scale projected by the Company.

The success of the Company is largely dependent on the abilities and experience of its executive officers and other key employees. Competition for highly skilled management, technical, research and development and other employees are intense in the Company's industry. There can be no assurance that the Company can retain its current key employees or attract and retain additional key employees as needed. The loss of certain key employees could have an adverse impact upon the Company's growth, business and profitability.

- g) **Technological Change:** The markets in which the Company operates are characterized by changing technology and evolving industry standards. The Company's systems embody complex technology and may not always be compatible with current and evolving technical standards and systems developed by others. Failure or delays by the Company to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's ability to anticipate changes in technology, technical standards and product offerings will be a significant factor in the Company's ability to compete or expand into new markets. Despite years of experience in meeting customer requirements with the latest in technological solutions, there can be no assurance that the Company will be successful in identifying, developing and marketing products that will respond to rapid technological change, evolving standards or individual customer standards or requirements.
- h) **Failure to Protect the Company's Intellectual Property Rights:** Third parties may infringe or misappropriate the Company's trademarks or other intellectual property rights or may challenge the validity of the Company's trademarks or other intellectual property rights, which could have a material adverse effect on the Company's business, financial condition or operating results. The actions that the Company takes to protect its trademarks, patents and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect the Company's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others. The Company cannot ensure that it will be able to prevent infringement of its intellectual property rights or misappropriation of its proprietary information. Any infringement or misappropriation could harm any competitive advantage the Company currently derives or may derive from its proprietary rights. Third parties may assert infringement claims against the Company. Any such claims and any resulting litigation could subject the Company to significant liability for damages. An adverse determination in any litigation of this type could require the Company to design around a third party's patent or to license alternative technology from another party. In addition, litigation may be time-consuming and expensive to defend and could result in the diversion of the Company's time and resources. Any claims from third parties may also result in limitations on the Company's ability to use the intellectual property subject to these claims.
- i) **Financing Arrangements:** The Company requires capital to finance its future growth and pay its outstanding debt obligations as they come due for payment. If the cash generated from the Company's business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, the Company will require additional debt or equity financing. The Company's ability to access capital markets on terms that are acceptable will be dependent on prevailing market conditions, as well as the Company's future financial condition. Further, the Company's ability to increase its debt financing and/or renew existing facilities may be limited by its financial covenants or its credit objectives. Although the Company does not anticipate any difficulties in raising funds in the future, there can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs will not be adversely affected. In addition, the Company's

**ONEMOVE TECHNOLOGIES INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Six Month Period Ended December 31, 2009

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**RISK FACTORS (CONTINUED)**

current financing arrangements contain certain restrictive covenants that may impact the Company's future operating and financial flexibility. The Company also depends on certain financing arrangements to be completed by some of its key customers. The inability by the Company's customers to arrange satisfactory financing on a timely basis could have an impact on the Company's business, results of operations and financial condition.

- j) **Dependence on Data and Systems:** The Company maintains, at various locations, databases of information and systems infrastructure which support the Company's Information Technology. Such systems are required to be available without interruption on a continuous basis to meet contractual service level obligations, and to ensure the Company's communications, data, and operational needs are met. System security network threats are frequent and mechanical or software errors may cause system corruption or failure. In addition, the databases are subject to similar security threats and data corruption or loss may occur as a result of such security threats or malfunction of software or hardware. Errors in data could lead to significant liability to the Company if the Company's customers relied on such incorrect data. Although the Company provides for redundancy, disaster recovery, tested systems and network security, it cannot prevent all possible errors or threats.
- k) The lack of an industry organization to police rogue activities from peripheral conveyancing suppliers like Stewart Title creates quality control and image issues for the entire category. Large title insurance providers and other secondarily related players in the segment have no real interest or stake in the provision of a top quality electronic conveyance process. Their interest is on marketing their own products through tangential service provision to the process and is sold on low cost alone.
- l) A distinct lack of industry and competitor reliable and valid quantitative data renders volume forecasting and accurate fiscal planning problematic.
- m) The reliance on significant volume growth through geographical expansion post electronic conversion in B.C. is expensive. The category expansion in B.C. will slow down significantly after this period. Prudent fiscal and strategic planning will be needed to plan new entries into Canadian jurisdictions in the out years of this plan.
- n) **Dependence on Business Alliances:** A key element of the Company's business strategy is the formation of corporate alliances with leading companies. The Company is currently investing, and plans to continue to invest, resources to develop these relationships. The Company believes that its success in penetrating new markets for its products will depend in part on its ability to maintain these relationships and to cultivate additional or alternative relationships. Although significant effort has been dedicated to establishing and maintaining relationships, there can be no assurance that the Company will be able to develop additional corporate alliances with such companies, that existing relationships will continue or be successful in achieving their purposes or that such companies will not form competing arrangements.
- o) **Potential for Liability:** There is a risk that the Company's products or systems may contain errors or defects or fail to perform as intended. While the Company strives to contractually limit its liability for damages arising from its provision of products and systems, such limitations of liability, although existing in the vast majority of the Company's contracts, including the standard sales terms or provision applicable to products, may not have been included in all of the Company's past contractual arrangements or sales. Additionally, where such limitations have been included, there can be no assurance that they will be enforceable in all circumstances or in all jurisdictions or forms, such as electronic delivery, or that they otherwise will protect the Company from liability for damages except as any insurance coverage applies. Furthermore, litigation, regardless of contractual terms, could result in substantial cost to the Company, divert management's attention and resources from the Company's operations and result in negative publicity that may impair the Company's ongoing marketing efforts. Although the Company purchases product liability (covering risk of property damage and personal injury) and errors and omissions insurance and provides for reasonable warranty costs, there is no assurance that such measures will cover any or all of, or the extent of, the claims.

## **CHANGES IN ACCOUNTING POLICIES**

Effective July 1, 2008, the Company adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). The accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

a) Financial instruments

The Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, *Financial Instruments - Disclosures*, which requires an increased emphasis on disclosing the nature and the extent of risk arising from financial statements and how the entity manages those risks. This section, together with Section 3863, *Financial Instruments - Presentation*, replaced Section 3861, *Financial Instruments - Disclosure and Presentation*. The adoption of these Sections has had no impact on the Company's financial statements other than additional disclosures in Note 11.

b) Capital disclosures

The AcSB issued CICA Handbook Section 1535, *Capital Disclosures*, which establishes standards for the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Other than the additional disclosure in Note 10, the adoption of this section has had no impact on the Company's financial statements.

c) Assessing going concern

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

d) Goodwill and intangible assets

The Company early adopted the new standard *Goodwill and Intangible Assets* (Section 3064). This Section replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062.

*Recent accounting pronouncements*

e) Business combinations

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

## **CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

The Company does not anticipate the adoption of the above standards will have a significant impact on the Company's financial statements.

f) International financial reporting standards

In addition to the above accounting pronouncements the AcSB in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five-year transition period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not enter into any off-balance sheet arrangements during the period.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

## **CORPORATE INFORMATION**

### **Board of Directors and Corporate Officers**

Martin Johnson	Chairman, President and Chief Executive Officer
Stuart Bonner	Director, Secretary, and Compensation Committee
Mitchell Gropper	Director, Audit Committee
Tejinder Grewal	Director, Audit and Compensation Committee
Michael Kader	Director
Gordon K.W. Gee	Interim Chief Financial Officer
Parminder Virk	Chief Technology Officer

### **Corporate Office**

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[www.econveyance.com](http://www.econveyance.com)

**Auditor**

Davidson & Company LLP  
Vancouver, BC, Canada

**Counsel, Registered and Record Offices**

Boughton Law Corporation  
Suite 1080 – 1140 West Pender Street  
Vancouver, BC, V6E 4G1

**Transfer Agent**

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Corporate information available on the Company's website [www.onemovetech.com](http://www.onemovetech.com) and [www.sedar.com](http://www.sedar.com)  
Product and service information is available on the professional users' website [www.econveyance.com](http://www.econveyance.com)