



INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Systems Announces First Quarter 2014 Financial Results

Abbotsford, BC January 28th, 2014 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V:GSI) announces that it has filed its financial statements and management's discussion and analysis for the first quarter November 30, 2013, available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

First Quarter 2014 Financial Highlights

- Revenues for the first quarter of fiscal 2014 were \$1,574,000, compared to \$788,000 during the same quarter in fiscal 2013, and \$1,278,000 during the most recently completed fourth quarter of fiscal 2013, representing a 100% increase from the comparable quarter, and 24% increase compared to the fourth quarter of 2013.
- Gross profits and margins were \$676,000 and 42%, compared to \$289,000 and 36% during the first quarter of 2013.
- During the quarter, the Company completed a non-brokered private placement by issuing 5,354,100 units, for net proceeds of \$1,322,000, including agents' cash commission of \$99,500 and issuance of 368,487 agents' warrants. Each unit consists of one common share and one-half share purchase warrant. Each full warrant and agents' warrants is exercisable at \$0.35 for a period of 24 months from the date of closing.
- Net loss for the first quarter of fiscal 2014 was \$254,000, compared to \$267,000 during the first quarter of fiscal 2013.

Gatekeeper's President and Chief Executive Officer Doug Dymont commented, "Our first quarter results were strong and is a continuation of the growth trend from fiscal 2013. Our continued success is the reflection of the company's ongoing business development strategies and its timely product developments. A key success factor is the Company's employees and

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contractors located in both Canada and the United States. The sales success in the first quarter can be attributed to the popularity of the Company's long standing brand, positive acceptance of the new product introductions and strong relationships with end users, niche market dealers and new system integrators. The Company's expanded product line is attracting new system integrators in the United States are expected to have a positive impact on sales in fiscal 2014."

Mr. Dymant further added, "The first quarter of fiscal 2013 also marked a period of extensive product training provided to new systems integrators throughout North America. The Company continues to look at expanding operations in the United States to support customer requirements as business grows in various regions. We are focused on seeking strategic partnerships, with large enterprises that have product lines and services complimentary to Gatekeeper's products and core competencies in order to accelerate growth. The Company will continue to reinvest to build successful multiple-stream distribution channels.

We remain focused on our strategies to continue to expand our sales team by attracting and recruiting top talent, increasing sales and marketing efforts, and leveraging our new product line into new markets. We believe these strategic investments and building of new relationships will lay the foundation for the Company's long-term growth. We appreciate the continued support from our customers, employees and shareholders."

Summary of Financial Results and Information

	Three months ended	
	November 30, 2013	November 30, 2012
Revenue	1,573,799	788,592
Cost of Sales	897,703	529,321
Gross Profit	676,096	259,271
Operating Expenses	916,829	513,101
Operating Loss	(240,733)	(253,830)
Net Loss for the period	(254,443)	(266,892)
Loss per share –		
Basic	\$(0.01)	\$(0.01)
Diluted	\$(0.01)	\$(0.01)

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Revenues for the three months ended November 30, 2013 increased 100% from the same period during fiscal 2013 and 23% from the most recently completed fourth quarter of 2013. The increasing trend is a direct result of our sales force aggressively marketing and selling our new G series products. The new features from our G series, such as the intelligent wireless system, bundled with its solid state bus video and GPS technologies, and the recording of high resolution video, while streaming live video, have been widely accepted by new and existing customers. During quarter, the Company started servicing several significant contracts in Alabama and California in USA, and Alberta, Canada, which contributed to overall growth.

Gross margins, for the three months ended November 30, 2013, were 42%, compared to 36% during the first quarter of fiscal 2013 and 46% during the fourth quarter of 2014. Although the gross margins show improvement from the comparable quarter, the 4% decrease from the fourth quarter of fiscal 2013 is due to competitive pricing, and sales mix between distributors sales and direct customer sales. Management continues to closely monitor product costing and strictly oversee project management, to preserve gross margins.

Sales and marketing expenses for the first quarter of fiscal 2014 were \$294,000, compared to \$169,000 in first quarter of fiscal 2013, representing a 38% increase, primarily attributed to the hiring of additional sales staff. Research and development costs were \$173,000 in the first quarter of fiscal 2014, compared to \$97,000 in first quarter of fiscal 2013. The increase in research and development costs were due to the new product costs associated with the product testing and commissioning of the Company's new wireless system. General and administrative expenses were \$450,000 for the first quarter of fiscal 2014, compared to \$247,000 in first quarter of fiscal 2013. Higher general and administrative expenses for the quarter are attributable to investor relation expenses and office charges. In addition, during three months ended November 30, 2013, the Company granted 1,439,500 share-based awards which resulted in \$88,000 of share-based compensation charges for the quarter.

Net loss for the three months ended November 30, 2013 was \$254,000, compared to a net loss of \$267,000 during the first quarter of fiscal 2013. Loss per share was \$0.01, consistent with the comparable period.

At November 30, 2013, the Company had cash and cash equivalents of \$803,000 and working capital of \$1,885,000, 40,336,566 common shares issued and outstanding, 3,603,604 Class A preferred shares outstanding.

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Financial Reports

Full details of the financial reports and operating results for the first quarter of fiscal 2014 are described in the Company's condensed interim consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Gatekeeper are available on SEDAR at www.sedar.com

About Gatekeeper Systems Inc.

Founded in 1997, Gatekeeper Systems Inc. has provided total mobile video security solutions to over 3,500 customers and has installations in every state and province in North America. Customers include school districts, public transit, law enforcement and military.

For more information visit: www.gatekeeper-systems.com.

On behalf of the Board,

Douglas Dymont
President & CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward looking statements. For more exhaustive information on these risks and uncertainties, the reader should refer to the risk factors described in the management's discussion and analysis for the quarter ended November 30, 2013. The forward-looking statements contained in this press release represent our expectations as of the date hereof. We disclaim any intention and assume no obligation to update or revise any forward-looking statements. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The Company undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur, unless required by applicable law.

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