



INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Systems Announces Third Quarter 2014 Financial Results

Abbotsford, BC July 21, 2014 - Gatekeeper Systems Inc. (“Gatekeeper” or the “Company”) (TSX.V: GSI) announces that it has filed its condensed Interim Consolidated Financial Statements and Management’s Discussion and Analysis for the third quarter May 31, 2014, available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

Third Quarter 2014 Financial Highlights

- Revenues for the three and nine months ended May 31, 2014 were \$752,988 and \$2,841,715, respectively, compared to \$942,073 and \$2,560,533, respectively, during the same periods in fiscal 2013. Third quarter revenues declined 20% compared to the third fiscal quarter of 2013, however year-to-date revenues are 11% higher to the comparable period.
- Gross margins for the three and nine months ended May 31, 2014 were 37% and 41%, respectively, compared to 17% and 24%, respectively, during the same periods in fiscal 2013.
- Overall, the Company reported a net loss for the three and nine months ended May 31, 2014 of \$509,515, and \$1,331,540, respectively, compared to \$583,510, and \$2,032,686, respectively, during the same periods in fiscal 2013. For the nine months ended May 31, 2014 the Company incurred a net loss of \$1,331,540 compared to a net loss of \$2,032,686 for the comparative period of the prior year. The Company continues to focus on the build-out of its product lines and a sales force to support the Company’s sales strategy.

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM



Notable sales, implementations, and expansions during the quarter include:

- completion of a transit video surveillance system project, worth \$233,000, with Calgary HandiBus Association;
- receipt of new purchase orders from the fifth largest school district in United States of America, a \$94,000 purchase order for robust wireless video systems for school buses in Arizona, USA;
- receipt of a new purchase order from Transit Authority in Florida, USA for a transit video system; and
- expansion of Gatekeeper's Stop Arm Camera technology in the State of Wyoming, USA.

“Our third quarter showed signs of improvement from the second quarter, during which we experienced one of our slowest quarters to-date. Part of the reason for the downward pressure in sales is increased competition and an unusually long winter affecting the northeast and east coast regions of the United States. The long winter season resulted in many school districts in the affected regions delaying previously planned new camera systems implementations. On a positive note, the sales downturn was temporary and we are seeing sales activity pickup as we approach the summer months, which is historically the Company’s busiest time of year”, said Gatekeeper’s President and Chief Executive Officer, Doug Dymont.

The Company expanded its product line to include high resolution flush mount cameras for mobile applications where floor-to-ceiling height is limited. The quarter included forward movement in new product development as the Company executes on its plan to scale its’ product line for expansion as a software-for-service company. Dymont added, “The third quarter marked some key movements leveraging existing customers to our new products which we consider important seeds planted that will bear fruit in the near future. In addition, our scaled product line is attracting new potential partners which we are hopeful will deliver additional revenue for us in the coming quarters. We are in the process of adding new sales and business development staff to target larger enterprise sales opportunities”.

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM



Summary of Financial Results and Information

(Unaudited)	Three months ended		Nine months ended	
	May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
Revenue	\$ 752,988	\$ 942,073	\$ 2,841,715	\$ 2,560,533
Cost of Sales	\$ 474,314	\$ 784,154	\$ 1,675,833	\$ 1,952,565
Gross Profit	\$ 278,674	\$ 157,919	\$ 1,165,882	\$ 607,968
Operating Expenses	\$ 805,598	\$ 732,898	\$ 2,553,575	\$ 1,942,031
Operating Loss	\$ (526,924)	\$ (574,979)	\$ (1,387,693)	\$ (1,334,063)
Net Loss for the period	\$ (509,515)	\$ (583,510)	\$ (1,331,540)	\$ (2,032,686)
Loss per share – Basic and Diluted	(\$0.02)	(\$0.03)	(\$0.04)	(\$0.10)

Revenues

Revenues for the three and nine month period ended May 31, 2014 were \$752,988, and \$2,841,715, respectively, compared to \$942,073 and \$2,550,553, respectively, during the same periods in fiscal 2013. The 20% decrease in sales revenues, compared to the same period in 2013, is the result of increased competition in the school bus market, and extreme weather conditions in the winter season throughout the United States.

Overall, year-to-date revenues for the nine month period are 11% higher than the same period in fiscal 2013. The positive growth trend is mainly due to the Company's sales force aggressively marketing and selling the new G series products. The new features from the G series products, such as the intelligent wireless system, bundled with its solid state bus video and GPS technology, and the recording of high resolution video, while streaming live video, has been widely accepted by new and existing customers. During the nine months ended May 31, 2014, the Company completed several significant projects in Alabama, California; Texas, USA; and Alberta, Canada, which contributed to the overall sales growth.

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM



Gross Margins

For the three months ended May 31, 2014, gross margins were 37%, compared to 17% for the same period in fiscal 2013, and 43% and 41% during the first and second quarter of fiscal 2014, respectively. The third quarter increase in gross margin compared to the same period in 2013 is mainly a result of a one-time inventory write-down to the Company's older GSX and NiTRO products and related warranty expense during fiscal 2013. The Company made a strategic decision to discontinue support of these older products due to a combination of parts shortages, higher cost of support and positive acceptance from customers for the Company's new G4 Incident Management Software, and G Series mobile video recorders and cameras. Gross margins during F2014-Q3 slightly declined compared to the first and second quarter of fiscal 2014 due to the timing of certain project management and installation expenses, competitive pricing, and sales mix between distributor sales and direct customer sales. Excluding these overages, gross margins consistently range 45%-50% during fiscal 2014.

Operating Expenses

Sales and marketing expenses for the three and nine months ended May 31, 2014 were \$323,104 and \$912,358, respectively, compared to \$316,928 and \$772,500, respectively, during the same periods in the fiscal 2013. Sales and marketing expenses are comprised mainly of sales force salaries, travelling costs associated with business development, building new and maintaining existing customer relationships, and the cost of attending tradeshow and exhibitions. The 2% and 18% increase during the three and nine months ended May 31, 2014, compared to the prior periods, reflect planned growth spending to continue to build the Company's sales and marketing force, which management believes is a key driver for the Company's future sales growth. Sales and marketing expenses remained consistent quarter-on-quarter during fiscal 2014. The Company generally expects sales and marketing expenses to be approximately 20% of sales revenue. The higher percentage experienced during the third quarter of fiscal 2014 is largely due to the slower than expected sales activities for the quarter. Management expects marketing expenses to increase in the upcoming quarters as Gatekeeper continues to build their brand of products and services and execute on their sales growth strategy.

Research and development ("R&D") costs for the three and nine months ended May 31, 2014 were \$133,862 and \$483,387, respectively, compared to \$166,785 and \$356,172, respectively, during the same periods in fiscal 2013. R&D expenses decreased 20% and increased 36% during the three and nine months ended May 31, 2014, compared to the prior periods largely

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM



representing product commissioning costs of the Company's new wireless network system. R&D costs remain consistent quarter-on-quarter during fiscal 2014. Moving forward, the Company expects to lower the levels of expenditures on research and development due to an increasing number of strategic partnerships with key suppliers on joint research. The anticipated reduction in R&D costs will allow the Company to continue to work on a number of proprietary projects internally while outsourcing the hardware design components.

General and administrative ("G&A") expenses for the three and nine months ended May 31, 2014 were \$348,632 and \$1,157,830, respectively, compared to \$249,185 and \$813,359, respectively, during the same periods in fiscal 2013. The significant components of G&A are salaries and wages, investor relations, legal and accounting, and general office expenses. G&A expenses remain relatively fixed and have been consistent quarter-on-quarter during fiscal 2014.

Cash and Working Capital

At May 31, 2014, the Company had cash and cash equivalents of \$228,533 and working capital of \$891,107, 42,138,358 common shares issued and outstanding, and 1,801,802 Class A preferred shares outstanding.

Financial Reports

Full details of the financial reports and operating results for the third 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 is a leading provider of high resolution video security and safety systems for mobile applications. Our industry-leading Incident Management Software synchronizes real-time video, mapping, audio and vehicle sensors to create a total picture of operations. With these technologies, clients can detect, analyze and respond to safety and security threats anytime.

The Company is organized into two divisions:

Gatekeeper® mobile video division gives school bus managers tools to see 360 degrees in and around school buses and ensure the safety of the children they transport. These tools include

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM



multiple high resolution color cameras that enhance safety inside the bus, and the Student Protector™ infrared license plate reading system. The Student Protector records the license plates of potentially deadly stop arm violators and issues tickets or citations for revenue sharing with the school district, county and Company. Gatekeeper's transit bus surveillance systems records up to 16 cameras in high resolution, allowing transit managers to view video live from buses or record evidence from all cameras.

Deep Development Corp. focuses on military and oil and gas markets - from helping to protect overseas troops flying AC130 Gunships and operating Navy or Coast Guard vessels in extreme environments, to securing potential threats in oil and gas environments. Deep Development's post-mission analysis software is used to detect, analyze and respond to security threats.

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 period ended February 28, 2014. 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.

CREATING A SAFER WORLD

USA OPERATIONS
446 HARRISON STREET
SUMAS, WA 98295
USA

CANADA OPERATIONS
#301 31127 WHEEL AVENUE
ABBOTSFORD, B.C. V2T 6H1
CANADA

TEL: 1.888.666.4833
1.604.864.6187
FAX: 1.604.864.8490
WWW.GATEKEEPER-SYSTEMS.COM