ADDED CAPITAL INC.
(FORMERLY NORTHERN FINANCIAL CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2014 AND MARCH 31, 2013
(Expressed in Canadian Dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Added Capital Inc.

We have audited the accompanying consolidated financial statements of Added Capital Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2014 and 2013, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Added Capital Inc. and its subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that as at March 31, 2014 and during the year then ended, the Company had a significant working capital deficiency, matured loans, and discontinued operations. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
July 29, 2014

ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	March 31, 2014	March 31, 2013
ASSETS		
CURRENT		
Cash	$ 3,928	$ 41,198
Securities owned (Note 3)	6,162	37,192
Accounts receivable	-	452
Prepaid expenses and deposits	1,411	-
TOTAL CURRENT ASSETS	11,501	78,842
NON CURRENT ASSETS		
Investment in associated company (Note 5)	28,177	417,211
Property and equipment (Note 6)	12,914	12,914
	41,091	430,125
TOTAL ASSETS	$ 52,592	$ 508,967
LIABILITIES		
CURRENT		
Short-term loans payable (Note 7)	$ 1,787,171	$ 2,183,640
Accounts payable and accrued liabilities	1,592,764	1,690,818
Provisions (Note 13)	171,726	790,640
Settlement liability (Note 8)	-	504,000
TOTAL LIABILITIES	3,551,661	5,169,098
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 9)	3,710,033	3,675,678
Warrants (Note 9)	158,829	158,829
Contributed surplus (Note 9)	1,762,227	1,764,589
Deficit	(9,130,158)	(10,259,227)
TOTAL SHAREHOLDERS' DEFICIENCY	(3,499,069)	(4,660,131)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$ 52,592	$ 508,967

GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 12 and 13)
SUBSEQUENT EVENTS (Note 19)

APPROVED BY THE BOARD

"Don Rogers"

Director

"Vic Alboini"

Director

The accompanying notes are an integral part of these consolidated financial statements.

ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
For the years ended March 31,

	2014	2013
REVENUES		
Corporate finance	$ 225,473	$ 1,186,818
Broker warrants	(31,030)	(446,901)
Merchant banking	38,315	-
Other	10,838	59,440
Trading	(34,226)	-
TOTAL REVENUES	209,370	799,357
OPERATING EXPENSES		
Brokerage operations	-	1,799,807
General and administrative	665,052	1,497,677
Interest expense	63,667	200,532
Depreciation and amortization	-	12,580
TOTAL OPERATING EXPENSES	728,719	3,510,596
Net (loss) before the undernoted	(519,349)	(2,711,239)
Gain (loss) on settlement of debt (Notes 7 and 8)	954,156	(145,947)
Share of loss of Jaguar Financial Corporation (Note 5)	(140,752)	(76,227)
Gain on sale of investment in Jaguar Financial Corporation (Note 5)	54,014	-
Impairment loss on investment in Jaguar Financial Corporation (Note 5)	-	(107,870)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	348,069	(3,041,283)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 16)	781,000	(3,008,049)
INCOME (LOSS) BEFORE INCOME TAXES	1,129,069	(6,049,332)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$1,129,069	$(6,049,332)
EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS– Basic and diluted (Note 9(f) and 19(b))	$ 0.08	$ (0.77)
EARNINGS (LOSS) PER SHARE – Basic and diluted (Note 9(f) and 19(b))	$ 0.26	$ (1.53)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted	4,427,084	3,961,580

The accompanying notes are an integral part of these consolidated financial statements.

ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Common Shares #	Common Shares $	Warrants $	Contributed Surplus $	Deficit $	Shareholders' (Deficiency) $
Balance, March 31, 2012	**3,218,413**	**2,807,960**	**158,829**	**1,973,623**	**(4,209,895)**	**730,517**
Private placements	1,000,000	492,023	-	-	-	492,023
Employee equity incentive / purchase plans	202,425	375,695	-	(209,034)	-	166,661
Net loss and comprehensive loss	-	-	-	-	(6,049,332)	(6,049,332)
Balance, March 31, 2013	**4,420,838**	**3,675,678**	**158,829**	**1,764,589**	**(10,259,227)**	**(4,660,131)**
Employee equity incentive / purchase plans	11,176	34,355	-	(2,362)	-	31,993
Net income and comprehensive income	-	-	-	-	1,129,069	1,129,069
Balance, March 31, 2014	**4,432,014**	**3,710,033**	**158,829**	**1,762,227**	**(9,130,158)**	**(3,499,069)**

The accompanying notes are an integral part of these consolidated financial statements.

ADDED CAPITAL INC. (FORMERLY NORTHERN FINANCIAL CORPORATION)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Years ended March 31

	2014	2013
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the year	$ 1,129,069	$ (6,049,332)
Items not affecting cash		
Depreciation and amortization	-	149,729
Loss on sale of property and equipment	-	488,903
Impairment loss of associated company	-	107,870
Gain on sale of shares of associated company	(54,014)	-
(Recovery of) write-down of deposit with carrying broker	(155,000)	162,171
Non-cash settlement and provisions	(1,455,029)	685,587
Share of loss of associated company	140,752	76,227
Receipt of shares in associated company	-	(65,000)
Equity incentive / employee share purchase plans	31,993	154,473
	(362,229)	(4,289,372)
Changes in non-cash working capital balances		
Securities owned	31,030	666,416
Accounts receivable	452	24,410
Prepaid expenses, deposits, and forgivable loans	(1,411)	215,526
Commodity taxes recoverable	-	(50,598)
Accounts payable and accrued liabilities	(98,054)	188,717
Settlement liability	(100,800)	(35,452)
Cash flows used in operating activities	(531,012)	(3,280,353)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(44,968)
Disposition of investment in associated company	177,001	214,906
Dividend from associated company	-	7,702
Acquisition of investment in associated company	(24,705)	(23,644)
Deposit with carrying broker	155,000	878,616
Cash flows from investing activities	307,296	1,032,612
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financings	-	500,000
Share issue costs	-	(7,977)
Proceeds from employee share purchase plan	-	12,188
Interest paid on short term loans	(4,500)	-
Repayment of short term loans	(399,666)	-
Increase in short term loans	590,612	1,422,713
Cash flows from financing activities	186,446	1,926,924
CHANGE IN CASH	(37,270)	(320,817)
CASH, BEGINNING OF YEAR	41,198	362,015
CASH, END OF YEAR	$ 3,928	$ 41,198

SUPPLEMENTARY INFORMATION (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Added Capital Inc. (formerly Northern Financial Corporation) (the "Company") carries on a merchant banking business and a mergers and acquisitions advisory business. Prior to December 31, 2012, the Company carried on a traditional brokerage and investment banking business through Northern Securities Inc. ("NSI"), which was a member firm of the Investment Industry Regulatory Organization of Canada ("IIROC"). The Company is governed by the Business Corporations Act (Ontario) and its common shares are listed on the TSX Venture Exchange under the symbol "AAD". The address of its registered office is Commerce Court North, 25 King Street West, Suite 1450, Toronto, Ontario, Canada, M5L 1E8.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Certain matters existing as at March 31, 2014, including a working capital deficiency, matured loans and discontinued operations, represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

As at March 31, 2014, the Company's working capital deficiency is $3,540,160. The Company also has certain loans that have matured and have not been repaid (Note 7 and 19(a)).

NSI assigned its client accounts to other brokerage firms pursuant to a consent order, agreed upon with IIROC, issued by an IIROC Hearing Panel on December 14, 2012. On March 19, 2013, NSI and IIROC entered into a settlement agreement which provided for the suspension of NSI as an IIROC member. The suspension from IIROC and assignment of client accounts to other brokerage firms resulted in certain operations of the Company being recorded as discontinued.

The Company is in the process of restructuring its debt and has obtained shareholder approval to provide lenders with an option of receiving cash or shares to restructure the loans owing to them. In July 2014, the Company consolidated its shares on the basis of one new common share for 10 old common shares. Despite the restructuring items that have taken place, the Company continues to have a need for further restructuring, profit from operations or additional financing. There is no assurance that these items will take place or be available to the Company. All information related to common shares, share purchase warrants in these consolidated financial statements reflect the share consolidation as though it had taken place as of April 1, 2012. The share consolidation has been reflected in these consolidated financial statements and all applicable references to the number of shares and warrants and their exercise price and per share information has been restated. During the year ended March 31, 2014 the Company settled debt of approximately $1,047,000 by the payment of $208,800. The Company repaid in full a short-term loan in the amount of $20,000 plus accrued interest, and also reduced an original secured loan of $250,000 to $180,000 with repayments. The Company also obtained agreements during the period with unsecured lenders who are owed approximately $1.3 million to waive their historical and future interest on their loans. Management has considered expectations for future profitability and believes that the Company will continue in operation for the foreseeable future and will be able to restructure or satisfy its liabilities and commitments in the normal course of business, and accordingly, it is appropriate to prepare these financial statements on a going concern basis. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net income and the statement of financial position classifications used. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. These financial statements are presented on a historical cost basis unless an item is reported at fair value, and is presented on an accrual basis, except for cash flow information.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on July 29, 2014.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and all its subsidiaries with its principal subsidiary being NSI. Intercompany accounts and balances are eliminated upon consolidation.

Investments in associated companies

The equity method is used to account for investments in associated companies where the Company has significant influence. The share of earnings, gains and losses, realized dispositions and write downs to reflect other than temporary impairment are recognized in income. The loss in value of an investment in an associated company is considered to be other than a temporary decline when there is significant or prolonged decline in the fair value of an investment below its carrying value. The Company's proportion of dividends paid by the associated company reduces the carrying value of the investment.

Cash and cash equivalents

The Company considers all highly liquid debt instruments with an original maturity date of three months or less to be cash equivalents.

Financial instruments – recognition and measurement

All financial instruments are classified into one of five categories: fair value through profit and loss, held to maturity, loans and receivables, available-for-sale financial assets and other financial liabilities. Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as ''fair value through profit and loss'', directly attributable transaction costs.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows:

- Fair value through profit and loss financial instruments are measured at fair value with changes in fair value recognized through profit or loss;
- Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired at which time the amounts would be recorded in profit or loss; or
- Loans and receivables, held to maturity investments, and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Cash and accounts receivable are classified as loans and receivables. Securities owned and deposits with carrying brokers are classified as fair value through profit and loss. Short-term loans payable, and accounts payable and accrued liabilities and settlement liability are classified as other financial liabilities.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses recorded. Depreciation is provided using the following annual rates and methods:

Furniture and fixtures	20% declining balance
Leasehold improvements	20% declining balance
Computer equipment	30% - 50% declining balance
Works of art	Not amortized

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, such as property and equipment, to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been previously recognized.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Securities trading transactions

Securities transactions, commissions and related clearing expenses are recorded on a trade date basis when the services are performed.

(b) Corporate finance and merchant banking advisory fees

Corporate finance and advisory fees include fees earned from new issue and private placements, and corporate finance activities. New issue and private placements revenue consists of finder's fees and commissions earned on public offerings and private placements of securities. Revenue from finder's fees and commissions earned on public offerings and private placements of securities are recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable and collectible. Corporate finance revenue consists of underwriting fees, management and advisory fees, and commissions earned on corporate finance activities. Revenue from underwritings, mergers and acquisitions and other corporate finance activities are recorded when the underlying transaction is substantially completed and collection of funds is reasonable assured under the engagement terms and the related revenue is reasonably determinable. Management and advisory fees are recognized on an accrual basis.

(c) Interest income

Interest income is recorded when earned.

(d) Broker warrants

Broker warrants received by the Company in respect of underwriting activities are initially measured at fair value using the Black-Scholes model. Broker warrants are classified as fair value through profit and loss and subsequent changes in fair value are recorded as revenue.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in the same statement in which the related item is recognized.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustments to tax payable in respect to previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and enacted and substantively enacted law by the reporting date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and related to income taxes levied by the same taxation authority, and when the Company has a legal right to offset.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding. Diluted earnings (loss) per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings (loss) per share calculation. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Significant judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(a) Valuation of financial instruments

The financial instruments of the Company are measured at fair value or amortized cost. Fair value is determined on the basis of market prices from independent sources, if available. If there is no available market price, fair value is determined using the Black-Scholes model. The inputs to the Black-Scholes model are derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair value. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value when observable data is not available.

(b) Income tax

Accruals for tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. Deferred tax assets are recognized to the extent that the Company believes it is probable that the assets can be recovered. Deferred tax assets and liabilities are recorded using substantively enacted future tax rates. Accordingly, the actual income tax liabilities and deferred tax assets may differ significantly from that estimated and recorded.

(c) Impairment

The carrying value of investment in associated company, and property and equipment is reviewed each reporting period to determine whether there is an indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in net income. The assessment of recoverable amount requires the use of estimates and assumptions for discount rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of the assets could impact the impairment analysis.

(d) Provisions and contingencies

Provisions are recorded by the Company when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are recorded based on management's best estimates of timing, and quantum of future outflows. See note 13.

(e) Going concern

For further information regarding going concern refer to note 1.

(f) Significant influence in associated company

For further information regarding the Company's significant influence in an associated company see note 5.

Changes in accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective April 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The adoption of this standard did not result in any changes to the Company's disclosure of its financial instruments.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011 and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect returns. The adoption of this standard did not result in any changes in the consolidation status of the Company's subsidiaries.

IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. The adoption of this standard did not result in any changes to the Company's investments in joint ventures.

IFRS 12 – Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles and off balance sheet vehicles. The adoption of this standard did not result in any changes to the Company's disclosure requirements for interests in other entities.

IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. The adoption of this standard did not result in any significant changes to the Company's disclosures of its financial instruments.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of this standard has not resulted in any disclosure requirements as the Company's net loss is equal to the Company's comprehensive loss.

IAS 27 - Separate Financial Statements ("IAS 27") was amended during 2011 and replaces IAS 27 Consolidated and Separate Financial Statements. IAS 27 has been reissued to reflect the change of including the consolidation guidance in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The adoption of this standard did not result in any changes to the Company's investments in joint ventures.

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

(Expressed in Canadian Dollars)

3. SECURITIES OWNED

Securities owned consist of the following:

	March 31, 2014	March 31, 2013
Broker warrants	$ 6,162	$ 37,192

Included in broker warrants are warrants issued by 10 (2013 – 36) public companies and nil (2013 – 2) private companies with expiry dates to October 2017. Broker warrants are valued, at the valuation date, using a Black-Scholes model using the quoted closing bid price of the underlying security at valuation date in active markets where available, a calculated volatility, and the Government of Canada treasury bill rate for equivalent maturity dates. When quoted prices in active markets are not available, determination of the fair value of the underlying security is based on reference to the issue price and consideration of other observable market data.

4. FINANCIAL INSTRUMENTS

The fair value hierarchy presented distinguishes between the inputs used in determining the fair value of the Company's various financial instruments. The hierarchy levels are defined as:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

	Carrying Value		Estimated Fair Value					
			March 31, 2014			March 31, 2013		
	March 31, 2014	March 31, 2013	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Securities owned	$ 6,162	$ 37,192	$ -	$ 6,162	$ -	$ -	$ 32,657	$ 4,535

The following is a summary of Level 3 financial instruments activity for 2014 and 2013:

Balance, March 31, 2012	$ 17,303
Transfer out of Level 3	(1,122)
New broker warrants received	8,233
Valuation adjustment	(19,879)
Balance, March 31, 2013	$ 4,535
Expiry	(4,066)
Valuation adjustment	(469)
Balance, March 31, 2014	$ -

5. INVESTMENT IN ASSOCIATED COMPANY

The Company's carrying value of its investment in Jaguar Financial Corporation ("Jaguar") for the fiscal years ended March 31 is as follows:

	2014	2013
Balance, beginning of year	$ 417,211	$ 735,272
Equity (loss)	(140,752)	(76,227)
Dividends received	-	(7,702)
Partial disposition	(272,987)	(214,906)
Purchase of shares	24,705	23,644
Impairment	-	(107,870)
Receipt of shares	-	65,000
Balance, end of year	$ 28,177	$ 417,211

The investment in Jaguar as at March 31, 2014 represents 1.5% (2013 – 10.9%) of the outstanding common shares of Jaguar. The quoted market value of the investment as at March 31, 2014, was $33,346 (2013 - $417,211). The Company recorded an impairment loss of $nil (2013 - $107,870) to bring the carrying value of the investment in Jaguar to its quoted market value.

In the quarter ended June 30, 2012, the Company received 1,300,000 common shares of Jaguar under Jaguar's Equity Incentive Plan. The shares were recorded at their fair value in the consolidated statement of operations and comprehensive loss. The Company will not be receiving further shares from Jaguar's Equity Incentive Plan as the plan has been discontinued. In the quarter ended June 30, 2012, the Company sold 4,094,000 shares of Jaguar for proceeds of $214,906, generating a gain on sale of $20,329. In the quarter ended September 30, 2012, the Company acquired an additional 710,000 shares of Jaguar at a cost of $23,644. In the quarter ended June 30, 2013, the Company sold 5,900,000 shares of Jaguar for proceeds of $177,000, generating a loss on the sale of $10,541. In the quarter ended December 31, 2013, the Company sold 6,000,000 Jaguar shares to Vic Alboini, Chairman and Chief Executive Officer of the Company ("Alboini"), to settle a debt owing to him for $150,000, which sale was approved by the disinterested shareholders of the Company at its annual meeting of shareholders in September 2013.

The Company has determined that it exercises significant influence over the strategic operating, investing and financing policies of Jaguar due to the following factors: the Company held a 1.5% equity interest in Jaguar as at March 31, 2014 (2013 – 10.9%); (ii) Alboini holds or has control or direction over a 23.2% (2013 – 14.4%) equity interest in Jaguar; (iii) Alboini is also the Chairman and CEO of Jaguar; and (iv) Alboini owns or has control or direction over a 31.3% (2013 – 31.1%) equity interest in the Company.

The equity method is used to account for the Company's investment in Jaguar. The Company's share of earnings or losses of Jaguar is included in net loss.

The unaudited condensed statements of financial position of Jaguar are as follows:

(in thousands of dollars)	March 31, 2014	March 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 3	$ 656
Investments	5,691	6,063
Prepaid expenses	21	-
TOTAL CURRENT ASSETS	5,715	6,719
Equipment	2	4
TOTAL ASSETS	$ 5,717	$ 6,723
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 158	$ 192
Derivatives	3	-
Loans payable	1,069	-
TOTAL LIABILITIES	1,230	192
TOTAL SHAREHOLDERS' EQUITY	4,487	6,531
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,717	$ 6,723

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Leasehold Improvements	Computer Equipment	Art	Total
Cost					
Balance, March 31, 2012	$ 931,038	$ 1,631,028	$ 1,760,160	$ 12,914	$ 4,335,140
Additions	$ -	$ 16,061	$ 29,907	$ -	$ 45,968
Disposals	$ (931,038)	$(1,647,089)	$(1,790,067)	$ -	$(4,368,194)
Balance, March 31, 2013	$ -	$ -	$ -	$ 12,914	$ 12,914
Additions	$ -	$ -	$ -	$ -	$ -
Disposals	$ -	$ -	$ -	$ -	$ -
Balance, March 31, 2014	$ -	$ -	$ -	$ 12,914	$ 12,914
Accumulated Depreciation					
Balance, March 31, 2012	$ 810,550	$ 1,239,877	$ 1,678,135	$ -	$ 3,728,562
Additions	$ 120,488	$ 407,212	$ 111,932	$ -	$ 639,632
Disposals and impairment	$ (931,038)	$(1,647,089)	$ (1,790,067)	$ -	$(4,368,194)
Balance, March 31, 2013	$ -	$ -	$ -	$ -	$ -
Additions	$ -	$ -	$ -	$ -	$ -
Disposals and impairment	$ -	$ -	$ -	$ -	$ -
Balance, March 31, 214	$ -	$ -	$ -	$ -	$ -
Net Book Value					
March 31, 2013	$ -	$ -	$ -	$ 12,914	$ 12,914
March 31, 2014	$ -	$ -	$ -	$ 12,914	$ 12,914

Depreciation on property and equipment, including impairment charges, for 2014 was $nil (2013 – $639,632).

7. SHORT-TERM LOANS PAYABLE

The Company has available a credit facility with the Toronto Dominion Bank ("TD Bank") in the amount of $300,000 at prime plus 1.75%, secured by a general security agreement covering all assets of the Company. As at March 31, 2014, the balance owing under the credit facility was $300,000 (2013 – $300,000). See Note 19(a).

The Company has an unsecured term loan outstanding in the amount of $200,000 (2013 – $200,000) owing to an arm's length lender. The loan bore interest at a rate of 12%, matured on March 31, 2013, and is unsecured. The lender agreed to waive all historical and future interest on the loan. The Company recorded a $12,099 gain on settlement of debt in relation to the waived accrued interest in profit and loss.

The Company has a secured loan outstanding in the amount of $180,000 (2013 – $250,000) owing to an arm's length lender. The loan initially had an interest rate of 12%, which was reduced to 10% effective October 1, 2013, and the maturity date was extended from April 9, 2013 to April 9, 2014. The loan is secured by a guarantee provided by Alboini. The Company made payments of $70,000 during the year ended March 31, 2014. The loan is now due on demand.

The Company has unsecured loans outstanding with a former director of the Company in the amount of $400,000 and an unsecured demand loan outstanding in the amount of $100,000 (2013 – $400,000 and $100,000, respectively). The demand loan became payable in full on June 12, 2013. The lender agreed to waive all historic and future interest on the loans. The Company recorded a $16,548 gain on settlement of debt in relation to the waived accrued interest in profit and loss.

The Company had unsecured demand loans outstanding in the amount of $607,171 as at March 31, 2014 (2013 – $372,459) owing to Alboini and Stature. Alboini and Stature agreed to waive all historic and future interest on the loans. The Company recorded a $10,975 gain on settlement of debt in relation to the waived accrued interest in profit and loss.

(Expressed in Canadian Dollars)

In the year ended March 31, 2014, the Company repaid a loan of $20,000 (March 31, 2013 - $20,000) plus accrued interest that was owing to a former officer of NSI. The Company recorded a $1,193 gain on settlement of debt in relation to waived accrued interest in profit and loss.

The Company has promissory notes outstanding in the amount of $nil (2013 – $390,927) owing to Jaguar. During the year ended March 31, 2014, the Company settled, for $108,266, a note in the amount of $250,000, bearing interest at 15%, a note in the amount of $140,181, bearing interest at 10% and a $151,000 loan from Jaguar. The Company recorded a gain on debt settlement of $432,915 (2013 - $nil) on its consolidated statements of operations and comprehensive income. Jaguar also forgave accrued interest of $77,726 (2013 - $nil) in relation to the debt settlement. The forgiven interest was recorded in the Company's consolidated statements of operations and comprehensive income.

8. SETTLEMENT LIABILITY

In the year ended March 31, 2010, the Company settled a legal dispute requiring it to pay a total of $800,000 over a period of 108 months beginning in March 2010.

The settlement liability was initially recorded at the discounted cash flow value using the effective interest method with $43,367 due within one year. A rate of 12% was used to discount future cash payments. Total interest expense calculated under the effective interest method was $296,911 of which $5,030 was recorded in interest expense in fiscal 2010, $54,882 recorded in 2011, $49,504 in 2012, and $41,548 in fiscal 2013.

The Company ceased making monthly payments in March 2013. On August 28, 2013, the Company made a payment of $100,800 to settle the previous settlement amount owing of $504,000. The settlement payment to the creditor was financed by a loan of $100,800 provided to the Company by Alboini. The gain on settlement of $403,200 is included in gain on settlement of debt on the consolidated statement of operations and comprehensive income.

9. CAPITAL STOCK

(a) *Share capital*

Authorized
Unlimited number of common shares with no par value
2,000,000 voting, convertible, redeemable, preference shares

Issued and outstanding	
4,432,014 common shares	$3,710,033

Share capital activity for 2014 and 2013, is summarized as follows:

	Shares #	Amount $
Balance, March 31, 2012	3,218,413	2,807,960
Shares issued under equity incentive plan (c)	131,686	255,915
Shares issued under employee share purchase plan (d)	70,739	119,780
Private placement(e)	1,000,000	492,023
Balance, March 31, 2013	4,420,838	3,675,678
Shares issued under employee share purchase plan (d)	11,176	34,355
Balance, March 31, 2014	4,432,014	3,710,033

Note: The total cost of share based compensation for the year ended March 31, 2014 was $31,993 (2013 – $154,473).

(Expressed in Canadian Dollars)

(b) *Stock options*

Effective August 28, 2003, the Company discontinued the stock option plan (the "Plan"), whereby no further options will be granted pursuant to the Plan and all options outstanding will remain in effect until either exercised or cancelled.

As at March 31, 2014, there are no common share purchase options outstanding.

Stock option activity for 2014 and 2013 is summarized as follows:

	Stock Options #	Weighted Average Exercise Price
Balance, March 31, 2012	3,532	$ 35.80
Expired	(3,532)	$ (35.80)
Balance, March 31, 2013 and 2014	-	-

(c) *Employee equity incentive plan*

In connection with listing the Company's common shares on the TSX Venture Exchange, the Company terminated its equity incentive plan (the "Plan"). Awards under the Plan which were outstanding and unvested as of March 15, 2012, continued to vest in accordance with the terms of the respective awards and the terms of the Plan, subject to a maximum aggregate of 1,546,063 common shares. No new awards may be granted under the Plan.

(d) *Employee share purchase plan*

On September 25, 2006, the shareholders of the Company approved the establishment of an employee share purchase plan ("ESPP"). The ESPP allows qualifying employees to purchase common shares of the Company equal to 8% of their annual compensation to a maximum amount of $8,000 per year, unless the Board of Directors waives the individual maximum. The Company matches the number of shares purchased at no additional cost to the employee over a three-year vesting period or such other period determined by the Board of Directors.

During the year ended March 31, 2014, directors and officers invested $10,474 (2013 - $12,188) under the ESPP. The Company intends to satisfy its ESPP obligation including matching shares by acquiring shares in the market on behalf of such officers and directors.

(e) *Financings*

During the year ended March 31, 2013, the Company raised gross proceeds of $500,000 by issuing 1,000,000 common shares at $0.50 per share upon the completion of three private placements.

(f) *Loss per share data*

The weighted average number of common shares outstanding, used in computing basic income (loss) per common share for the respective years were:

March 31, 2013	3,961,580
March 31, 2014	4,427,084

The effect of outstanding common share purchase options and warrants on the net income (loss) for the periods presented is not reflected as to do so would be anti-dilutive.

(g) *Warrants:*

Warrant activity for fiscal 2014 and 2013 is summarized as follows:

	#	$
Balance, March 31, 2012	71,947	158,829
Expired	(52,812)	-
Balance, March 31, 2013	19,135	158,829
Expired	(19,135)	-
Balance, March 31, 2014	-	158,829

(Expressed in Canadian Dollars)

(h) *Contributed surplus:*

Contributed surplus activity for fiscal 2014 and 2013 is summarized as follows:

Balance, March 31, 2012	$ 1,973,623
Employee equity incentive plan	(188,694)
Employee share purchase plan	(20,340)
Balance, March 31, 2013	1,764,589
Employee share purchase plan	(2,362)
Balance, March 31, 2014	$ 1,762,227

10. CAPITAL MANAGEMENT

The Company requires capital to fund existing and future operations and meet regulatory capital requirements. The Company's policy is to maintain adequate levels of capital at all times.

The Company's capital structure includes the following:

	March 31, 2014	March 31, 2013
Short-term loans payable	$ 1,787,171	$ 2,183,640
Shareholders' deficiency comprised of:		
Share capital	3,710,033	3,675,678
Warrants	158,829	158,829
Contributed surplus	1,762,227	1,764,589
Deficit	(9,130,158)	(10,259,227)
	($ 1,711,898)	($ 2,476,491)

The Company's objectives when managing capital are to (i) provide financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern; (ii) maintain a capital structure which allows the Company to respond to changes in economic and marketplace conditions and affords the Company the ability to participate in new investments; (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders equal with the level of risk; and (iv) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: (i) realizing proceeds from the disposition of its investments; (ii) utilizing leverage in the form of margin loans on its investments; (iii) raising capital through loans from third party investors who seek to participate in investment opportunities; and (iv) raising capital through the issuance of securities.

The Company's subsidiary, NSI, was required to maintain a certain level of regulatory capital under the IIROC rules. IIROC Dealer Member Rule 17.1 sets a minimum capital requirement for each firm based on its size and business model to ensure that the investment dealer not only has capital available to cover known risks but also excess capital to cover unforeseen risks. IIROC's minimum capital requirements are aimed at ensuring that investment dealers do not assume excessive leverage or engage in business practices which expose them to too much risk. This capital was provided by the Company and is eliminated upon consolidation as a loan between the parent and subsidiary. As at March 31, 2014, the amount of this loan was $8,600,000 (2013 - $8,600,000).

To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis.

(Expressed in Canadian Dollars)

11. INCOME TAXES

The major components of income tax expense for the year ended March 31 are:

	2014	2012
Current income taxes	$ -	$ -
Deferred income taxes	-	-
Provision for income taxes	$ -	$ -

A reconciliation between income tax provision and the product of accounting for profit multiplied by the Company's domestic tax rates are as follows:

	2014	2013
(Loss) income before taxes	$ 1,129,069	$ (6,049,332)
Statutory tax rates	26.5%	26.5%
Expected income tax recovery at statutory tax rates	299,000	(1,603,000)
Equity loss of associated companies	37,000	20,000
Other non-deductable expenses	(50,000)	53,000
Benefit of tax assets not recognized	(286,000)	1,530,000
Provision for income taxes	$ -	$ -

The following temporary differences and non-capital losses have not been recognized in the consolidated financial statements:

	2014	2013
Exploration and development	$ 4,232,000.0	$ 4,232,000.0
Non-capital losses carried forward	24,381,000	25,492,000
Capital losses carried forward	86,695,000	86,695,000

As at March 31, 2014 the Company has unutilized non-capital losses that expire as follows:

2027	$ 4,351,000
2029	$ 4,099,000
2030	$ 2,710,000
2031	$ 2,111,000
2032	$ 4,973,000
2033	$ 6,137,000
	$24,381,000

12. COMMITMENTS

The future minimum annual payments for each fiscal year on equipment and office premises under existing operating leases approximate the following:

Fiscal 2015	$ 15,500

(Expressed in Canadian Dollars)

13. PROVISIONS AND CONTINGENCIES

a) NSI indemnified Penson Financial Services ("Penson") for all obligations to pay for securities purchased and to deliver securities sold by clients. In the event of default by any of its clients on payments due on delivery of securities to Penson, NSI had agreed to pay Penson an amount up to its "excess risk adjusted capital". Penson ceased active operations on December 31, 2012.

b) The Company had previously recorded a provision of $450,000 as a result of a decision of an IIROC Hearing Panel on November 10, 2012, on an IIROC enforcement proceeding regarding failures to correct alleged deficiencies and an incorrect recording of leasehold improvements. The Hearing Panel imposed a fine of $300,000 on NSI and costs of $150,000. The Hearing Panel also imposed sanctions on Alboini, Fred Vance, the former Chief Compliance Officer and Doug Chornoboy, the former Chief Financial Officer ("individual respondents"). On application by NSI and the individual respondents, the Ontario Securities Commission ("OSC") held a hearing and review of the Hearing Panel's decision in February 2013. The OSC stayed the Hearing Panel's sanctions and penalties pending the OSC decision and reasons on the appeal. On December 19, 2013, the OSC decided that "the IIROC Panel should have provided reasons on the merits prior to the sanctions and costs hearing in order to permit the Applicants to effectively make submissions." The OSC decided that "the conduct of the sanctions and costs hearing was procedurally unfair to the Applicants," constituted an error in law and the OSC "set aside the IIROC Panel's sanctions and costs imposed on the Applicants." The OSC decided that it will hold "a hearing de novo solely on the question of the appropriate sanctions and costs to be imposed on the Applicants." As a result of this decision the provision was reversed during the year ended March 31, 2014. The OSC sanctions hearing was held in June, 2014 and the decision is pending.

c) The Company recorded a provision of $nil as at March 31, 2014 (2013 - $176,000) relating to a civil action against IPO Capital Inc., a former Dealer Member at IIROC which was acquired by the Company in 2003. IPO Capital has no net assets and the Company is not a party to the civil action by the plaintiff. In May of 2011 the plaintiff commenced a new action against the Company, NSI and Alboini. None of the Company, NSI and Alboini was involved in the dispute between IPO Capital and the plaintiff as the dispute occurred prior to the acquisition of IPO Capital by the Company and the Company did not assume any liability for the dispute as part of the acquisition of IPO Capital in 2003. The Company reduced the provision to $nil as the outcome of the new action cannot be determined at this time.

d) The Company recorded a provision of $171,726 as at March 31, 2014 (2013 - $164,640) relating to a penalty assessed by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"). The penalty relates to the findings of non-compliance during a Compliance Examination that took place on November 2, 2012. The Company has submitted an appeal of the penalty, which FINTRAC has stated was made after the period in which an appeal is permitted. The Company maintains it has properly appealed FINTRAC's decision.

e) The Company had previously entered into a settlement agreement for certain services. During the year ended March 31, 2014 the Company failed to make scheduled payments. As at March 31, 2014 a total of $276,078 has been included in accounts payables and accrued liabilities. Pursuant to the settlement agreement unbilled services may become due on a failure to make scheduled payments. The service provider has noted that these amounts may total an additional $257,438. The Company plans to renegotiate the settlement agreement and has not provided for these additional amounts.

f) A summary of the change in provisions during the year ended March 31, 2014 and 2013 is as follows:

Balance at March 31, 2012	$	251,000
Additions during the year		539,640
Balance at March 31, 2013	$	790,640
Additions during the year		7,086
Reductions during the year		(626,000)
Balance at March 31, 2014	$	171,726

g) The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

14. RISK MANAGEMENT

Fair value of financial assets and financial liabilities

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.

Market risk

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Company is exposed to market risk as a result of its principal trading in equity securities and fixed income securities. Securities held for trading are valued at market and as such, changes in market value affect earnings (losses) as they occur. The Company mitigates its market risk exposure through controls to limit concentration levels. As at March 31, 2014, based on a 1% change in the fair value of the Company's securities, the estimated sensitivity of the Company's net loss was ($60) (2013 – ($400)), based on a decrease and $60 (2013 – $400), based on an increase.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and fixed income securities held by the Company. The Company holds minimal fixed income securities and does not hedge its exposure to interest rates since the risk is very low. The Company also has issued borrowings that are interest bearing. As at March 31, 2014, based on a 1% change in interest rates, the estimated sensitivity of the Company's net loss was ($4,800) (2013 – ($20,300)), based on an increase and $4,800 (2013 - $20,300) based on a decrease.

Foreign exchange risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk. The Company holds minimal financial instruments in foreign currencies.

Liquidity risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company generates cash flow primarily from its commission and fee based businesses as well as its investments.

The Company manages liquidity risk by reviewing the amount of cash available, on a daily basis, to ensure that it can meet its current obligations. There is no guarantee that the Company will be able to continue to meets its current obligations. See note 1.

The Company has loans outstanding of $1,787,171 as at March 31, 2014 (2013 - $2,183,640).

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

The Company had related party transactions with directors or officers of the Company, or companies with which they were associated, as follows:

a) The Company repaid amounts owing to Jaguar of $541,181 through a payment to Jaguar of $108,236. See note 7.

b) NSI acted as investment advisor and financial advisor with respect to Jaguar receiving commissions and fees in the amount of $nil for the year ended March 31, 2014 (2013 - $94,489). NSI also received 1,300,000 common shares under Jaguar's equity compensation plan in the year ended March 31, 2013, which were recorded at fair value of $65,000. The Company earned $4,000 in other fees from Jaguar for the period ended March 31, 2014 (2013 - $nil) and paid Jaguar $3,250 in other fees (2013 - $nil).

c) During the year ended March 31, 2014 Alboini and Stature provided net loan advances to the Company of $234,713 (2013 - $372,459), resulting in a balance of $607,171 owing to them as at March 31, 2014 (2013 - $372,459). During the year ended March 31, 2014 Alboini and Stature waived all historical and future interest on their total loans to the Company. The amount is due on demand.

d) As at March 31, 2014 the Company had $500,000 (2013 - $500,000) in loans payable to a former director of the Company and a promissory note in the amount of $nil (2013 - $20,000) payable to a former officer of NSI.

e) Under the governance terms and conditions of transactions with Jaguar, the Company may receive, at the discretion of Jaguar, certain override payments of up to 25% on any realized gains from any investment made by Jaguar, such decisions to be approved by the Compensation Committee of the Board of Directors of Jaguar consisting of independent directors of Jaguar. The Company received fees in the amount of $58,841 pertaining to certain investments by Jaguar.

f) During 2013, NSI paid Stature $nil (2013 - $73,450) for services rendered by Alboini in the generation of revenue for NSI and the services provided in the execution of such engagements.

Compensation to key management personnel

Compensation paid to persons and corporation in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

	2014	2013
Compensation	$56,433	$290,181

(Expressed in Canadian Dollars)

16. DISCONTINUED OPERATIONS

As described in Note 1, on March 19, 2013, the suspension from IIROC and assignment of client accounts to other brokerage firms result in certain operations of the Company being recorded as discontinued. The results of these operations have been reclassified and presented as a single line item called net loss from discontinued operations on the statement of operations and comprehensive loss. The following represent the amounts reclassified to net loss from discontinued operations:

	2014	2013
	$	$
Impact on statement of operations and comprehensive loss:		
Revenues	-	2,166,113
Operating expenses	-	(5,174,162)
Loss from operations before tax	-	3,008,049
Income tax expense	-	-
Gain on settlement of debt	(781,000)	-
Net (income) loss from discontinued operations	(781,000)	3,008,049
(INCOME) LOSS PER SHARE FROM DISCONTINUED OPERATIONS– Basic and diluted	(0.18)	0.08

	2014	2013
	$	$
Impact on statement of cash flows:		
Cash flows from operating activities	-	(1,012,603)
Cash flows from investing activities	-	(581,084)
Cash flows from financing activities	-	-
Net cash flows from discontinued operations	-	(1,593,687)

17. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2014	2013
Interest paid	$ 24,361	$303,730
Disposition of Jaguar shares in exchange for loan repayments	150,000	-
Jaguar shares received as compensation	-	65,000
Cash consists of the following:		
Cash	3,928	11,267
Cash at carrying broker	-	29,931
Total	$ 3,928	$ 41,198

18. OPERATING SEGMENT INFORMATION

The management of the Company is responsible for the entire operations of the Company and considers the business to have a single operating segment. Certain operations within the single operating segment were discontinued during 2013 and presented as discontinued operations within the consolidated statement of operations and comprehensive loss.

The internal reporting provided to the management of the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during 2014 and 2013 other than the discontinuance of certain operations.

19. SUBSEQUENT EVENTS

a) On May 22, 2014 the Company announced that the TD Bank had demanded payment of the Company's approximately $300,000 loan by June 20, 2014. The Company currently does not have the funds to repay the TD Bank. The Company expects to deal with this matter in due course.

b) On July 2, 2014, the Company announced that it has changed its name to Added Capital Inc. and was planning to consolidate the Company's common shares on the basis of one post-consolidated common share for each ten pre-consolidated common shares. The share consolidation became effective on July 23, 2014. The common shares of the Company commenced trading on the TSX Venture Exchange under the symbol "AAD" and the common shares of Northern Financial Corporation were delisted. The effects of the share consolidation have been reflected in these consolidated financial statements.