

# Wamco Technology Group Ltd.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2012 and 2011

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Wamco Technology Group Ltd., are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Stephen Dunn", President and CEO  
Stephen Dunn

"Marco Guidi", CFO  
Marco Guidi

## NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and nine months ended September 30, 2012 and 2011 have not been reviewed by the Company's auditors.

**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(expressed in Canadian dollars)

<b>As at,</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
<b>Current</b>	<b>\$</b>	<b>\$</b>
Cash	5,237	-
Trade and other receivables (Note 3)	680	2,889
	<b>5,917</b>	<b>2,889</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 4)	88,317	62,664
	<b>88,317</b>	<b>62,664</b>
<b>EQUITY</b>		
Share capital (Note 7)	3,064,922	3,064,922
Reserve for share based payments (Note 8)	15,000	15,000
Deficit	(3,162,322)	(3,139,697)
	<b>(82,400)</b>	<b>(59,775)</b>
	<b>5,917</b>	<b>2,889</b>
Nature of Operations and Going Concern (Note 1)		

Approved on behalf of the Board:

"Joe Whipple" Director

"Stephen Dunn" Director

*The accompanying notes are an integral part of these unaudited interim condensed financial statements*

**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(expressed in Canadian dollars)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
<b>Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting, audit and legal	4,546	(726)	17,387	29,904
Filing and Transfer Agent Fees	1,033	1,848	5,228	8,916
General and administrative	10	8	10	91
<b>Loss before under noted items</b>	<b>(5,589)</b>	<b>(1,130)</b>	<b>(22,625)</b>	<b>(38,911)</b>
Forgiveness of debt (Note 6)	-	-	-	10,000
<b>Net loss and comprehensive loss for the period</b>	<b>(5,589)</b>	<b>(1,130)</b>	<b>(22,625)</b>	<b>(28,911)</b>
<b>Loss per share</b>				
Basic and fully diluted	(0.001)	(0.00)	(0.005)	(0.00)
<b>Weighted average number of common shares outstanding</b>				
Basic and fully diluted	4,831,362	14,494,088	4,831,362	10,722,542

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**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(expressed in Canadian dollars)

	Share Capital		Reserves		
	Number of Shares*	Amount	Share based payments	Deficit	Total
Balance at January 1, 2011	2,913,985	\$ 2,899,858	\$ 15,000	\$ (3,088,406)	\$ (173,548)
Shares issued for debt	1,917,377	172,564	-	-	172,564
Total comprehensive loss for the period	-	-	-	(28,911)	(28,911)
<b>Balance at September 30, 2011</b>	<b>4,831,362</b>	<b>\$ 3,072,422</b>	<b>\$ 15,000</b>	<b>\$ (3,117,317)</b>	<b>\$ (29,895)</b>
Share issue costs – cash	-	(7,500)	-	-	(7,500)
Total comprehensive loss for the period	-	-	-	(22,380)	(22,380)
<b>Balance at December 31, 2011</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,139,697)</b>	<b>\$ (59,775)</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,625)</b>	<b>(22,625)</b>
<b>Balance at September 30, 2012</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,162,322)</b>	<b>\$ (82,400)</b>

\* Number of shares outstanding is post three for one share consolidation of the Company's issued and outstanding shares

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**WAMCO TECHNOLOGY GROUP LTD.**  
**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**  
(expressed in Canadian dollars)

<i>For the nine month periods ended September 30,</i>	<b>2012</b>	<b>2011</b>
<b>Cash flows used in operating activities</b>	<b>\$</b>	<b>\$</b>
Net Loss for the period	<b>(22,625)</b>	(28,911)
Add items not affecting cash:		
Gain on forgiveness of debt	-	(10,000)
Changes in non-cash working capital accounts:		
HST recoverable	<b>2,209</b>	1,042
Accounts payable and accrued liabilities	<b>25,653</b>	27,589
Cash flows from (used in) operating activities	<b>5,237</b>	(10,280)
<b>Cash flows from financing activities</b>		
Advances from related parties	-	10,000
Cash flows provided from financing activities	-	10,000
Net increase in cash	<b>3,987</b>	(280)
Cash, beginning of period	-	280
<b>Cash, end of period</b>	<b>5,237</b>	-

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**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2012 and 2011**

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**1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS**

Wamco Technology Group Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on December 14, 1995. On September 1, 2011, the Company completed articles of amendment and continued the Company under the laws of the Province of Ontario. The Company's head office is located at 1010 – 130 Adelaide St. W., Toronto, ON, M5H 3P5. The Company's last operation was that of an online gaming website and wireless connectivity services. The business ventures were discontinued in the year ended December 31, 2003. The Company is currently seeking project opportunities.

On July 11, 2011, the Company at its annual special meeting approved the consolidating each of the issued and outstanding Common Shares by changing each three (3) Common Shares into one (1) Common Share (3:1). The Company filed the articles of amendment on November 25, 2011 completing this consolidation.

On June 4, 2003, the TSX Venture Exchange ("Exchange") issued a Cease Trade Order ("CTO") against the Company for failing to file annual audited financial statements for the year ended December 31, 2002. On July 18, 2003 and May 11, 2009, respectively, the Alberta Securities Commission ("ASC") and British Columbia Securities Commission ("BCSC") issued a CTO against the Company for failing to file the annual audited financial statements for the year ended December 31, 2002 and December 31, 2008, respectively. In November 2010 the Company brought its financial reporting obligations up to date and on November 30, 2010 the Company received full revocation orders from the BCSC and ASC.

As at September 30, 2012, the Company had a working capital deficiency of \$82,400 (December 31, 2011 – \$59,775), had not yet achieved profitable operations, had accumulated losses of \$3,162,322 (December 31, 2011 - \$3,139,697) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company will be able to acquire sufficient funds to cover planned operations throughout the next twelve month period by securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

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

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**2.2 Basis of presentation**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 annual financial statements.

**2.3 Adoption of new and revised standards and interpretations**

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and has not yet considered the impact of the adoption of IFRS 9.
- IFRS 10 '*Consolidated Financial Statements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.



**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**2. BASIS OF PRESENTATION, (continued)**

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

**3. TRADE AND OTHER RECEIVABLES**

The Company's trade and other receivables arise from harmonized services tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	<b>September 30, 2012</b>	December 31, 2011
	\$	\$
HST receivable	680	2,889
<b>Total trade and other receivables</b>	<b>\$ 680</b>	<b>\$ 2,889</b>

These trade and other receivables are outstanding for less than 30 days after filing the necessary government taxation returns.

At September 30, 2012, the Company anticipates full recovery of these amounts and therefore not impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 9.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2012.

**4. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	<b>September 30, 2012</b>	December 31, 2010
	\$	\$
Less than 1 month	6,968	18,863
1 – 3 months	3,423	16,376
Over 3 months	77,926	27,425
<b>Total trade and other payables</b>	<b>\$ 88,317</b>	<b>\$ 62,664</b>

**WAMCO TECHNOLOGY GROUP LTD.  
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
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**5. RELATED PARTY TRANSACTIONS**

During the nine month period ended September 30, 2012, \$9,000 was charged for services by the Chief Financial Officer.

During the year ended December 31, 2011, as part of the Company's shares for debt private placement the Company settled \$162,959 in debts owing to related parties through the issuance of 5,431,967 common shares. (see note 7)

Amounts due to related parties represent amounts owing to directors for cash advances. The amounts are unsecured, bear no interest and have no specified terms of repayment.

**6. LOAN PAYABLE**

On October 11, 2006, the Company entered into a loan agreement with Bifrost Consulting Group ("Bifrost") whereby Bifrost loaned the Company \$10,000. The loan is non-interest bearing, has no specified terms of repayment, and is secured by a general security agreement over all of the assets and properties of the Company.

During the year ended December 31, 2011, this liability was no longer outstanding and resulted in a gain on forgiveness of debt in the amount of \$10,000 (2010 – \$Nil), which is included under Gain on Forgiveness of Debt.

**7. SHARE CAPITAL**

**(a) Authorized – 100,000,000 Common shares without par value  
10,000,000 Preferred shares without par value**

**Common shares**

The issued and outstanding common shares are as follows:

	<b>Number of Shares</b>	<b>Amount \$</b>
<b>Balance, January 1, 2011</b>	<b>8,741,954</b>	<b>2,899,858</b>
Issuance of shares for debt	<b>5,752,134</b>	<b>172,564</b>
Share issue costs – cash	<b>-</b>	<b>(7,500)</b>
<b>Balance, November 25, 2011</b>	<b>14,494,088</b>	<b>3,064,922</b>
<b>Consolidation 3:1</b>	<b>(9,662,726)</b>	<b>-</b>
<b>Balance, December 31, 2011 and September 30, 2012</b>	<b>4,831,362</b>	<b>3,064,922</b>

On June 29, 2011, the Company closed a share for debt private placement at a price of \$0.03 per share by issuing 5,752,134 shares in order to settle \$172,564 of debt owing by the Company.

On July 11, 2011, the Company at its annual special meeting approved the consolidating each of the issued and outstanding Common Shares by changing each three (3) Common Shares into one (1) Common Share (3:1). The Company filed the articles of amendment on November 25, 2011 completing this consolidation.

**WAMCO TECHNOLOGY GROUP LTD.**  
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**8. RESERVE FOR SHARE BASED PAYMENTS**

On December 3, 2003, the Company surrendered and cancelled all 1,500,000 performance escrow shares as a result of the disposal of a subsidiary company, reducing share capital and increasing contributed surplus by \$15,000.

**9. FINANCIAL INSTRUMENTS**

*Fair value*

The Company's financial instruments as at September 30, 2012 include cash, trade and other receivables, trade and other payables, due to related parties and loan payable. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables, due to related parties and loan payable are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Interest rate risk*

The Company's cash includes bank deposits that are subject to floating interest rates. The Company's current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and HST recoverable included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits and cash held in trust with the Company's legal counsel, from which, management believes the risk of loss is remote. As at September 30, 2012, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to September 30, 2012. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at September 30, 2012 is the carrying value of cash and HST recoverable.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, the Company had current assets of \$5,917 (December 31, 2011 - \$2,889) compared to current liabilities of \$88,317 (December 31, 2011 - \$62,664). The ability of the Company to continue to pursue its activities and continue as a going concern is dependant on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2012, the Company had a working capital deficiency of \$82,400 (December 31, 2011 - \$59,775).

**WAMCO TECHNOLOGY GROUP LTD.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**10. CAPITAL MANAGEMENT**

The Company considers its capital to include components of equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be share capital, reserve accounts and deficit, which as at September 30, 2012 totaled a deficiency of \$82,400 (December 31, 2011 – \$59,775).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue project opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to pursue project opportunities and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed.

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures.

The Company expects its capital resources will be sufficient to pursue project opportunities and carry out operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2012. The Company is not subject to externally imposed capital requirements.