

# Wamco Technology Group Ltd.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2014 and 2013

## **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 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 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 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, 2014 and 2013 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, 2014</b>	December 31, 2013
<b>ASSETS</b>		
<b>Current</b>	<b>\$</b>	<b>\$</b>
Cash (Note 10)	4,034	1,953
Trade and other receivables (Note 3)	1,549	1,173
	<b>5,583</b>	<b>3,126</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 4)	131,565	113,589
Due to related parties (Note 5)	7,500	-
	<b>139,065</b>	<b>113,589</b>
<b>EQUITY</b>		
Share capital (Note 6)	3,064,922	3,064,922
Contributed surplus (Note 7)	15,000	15,000
Deficit	(3,213,404)	(3,190,385)
	<b>(133,482)</b>	<b>(110,463)</b>
	<b>5,583</b>	<b>3,126</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)

	<b>Three months ended September 30, 2014</b>	Three months ended September 30, 2013	<b>Nine months ended September 30, 2014</b>	Nine months ended September 30, 2013
<b>Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting, audit and legal	<b>9,611</b>	4,000	<b>18,436</b>	12,000
Filing and Transfer Agent Fees	<b>1,051</b>	664	<b>4,371</b>	4,616
General and administrative	<b>89</b>	6	<b>212</b>	62
<b>Net loss and comprehensive loss for the period</b>	<b>(10,751)</b>	(4,670)	<b>(23,019)</b>	(16,678)
<b>Loss per share</b>				
Basic and fully diluted	<b>(0.002)</b>	(0.001)	<b>(0.005)</b>	(0.003)
<b>Weighted average number of common shares outstanding</b>				
Basic and fully diluted	<b>4,831,362</b>	4,831,362	<b>4,831,362</b>	4,831,362

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

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

	Share Capital		Reserves		Total
	Number of Shares	Amount	Contributed surplus	Deficit	
Balance at January 1, 2013	4,831,362	\$ 3,064,922	\$ 15,000	\$ (3,167,863)	\$ (87,941)
Total comprehensive loss for the period	-	-	-	(16,678)	(16,678)
<b>Balance at September 30, 2013</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,184,541)</b>	<b>\$ (104,619)</b>
Total comprehensive loss for the period	-	-	-	(5,844)	(5,844)
<b>Balance at December 31, 2013</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,190,385)</b>	<b>\$ (110,463)</b>
Total comprehensive loss for the period	-	-	-	(23,019)	(23,019)
<b>Balance at September 30, 2014</b>	<b>4,831,362</b>	<b>\$ 3,064,922</b>	<b>\$ 15,000</b>	<b>\$ (3,213,404)</b>	<b>\$ (133,482)</b>

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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>2014</b>	2013
<b>Cash flows used in operating activities</b>	<b>\$</b>	<b>\$</b>
Net Loss for the period	<b>(23,019)</b>	(16,678)
Changes in non-cash working capital accounts:		
HST recoverable	<b>(376)</b>	164
Accounts payable and accrued liabilities	<b>17,976</b>	13,146
Cash flows used in operating activities	<b>(5,419)</b>	(3,368)
<b>Cash flows from financing activities</b>		
Advances from related parties	<b>7,500</b>	-
Cash flows provided from financing activities	<b>7,500</b>	-
Net increase (decrease) in cash	<b>2,081</b>	(3,368)
Cash, beginning of period	<b>1,953</b>	4,857
<b>Cash, end of period</b>	<b>4,034</b>	1,489

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

**WAMCO TECHNOLOGY GROUP LTD.  
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 and 2013**

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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 400 – 365 Bay Street, Toronto, ON, M5H 2V1. 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 Exchange, BCSC and ASC.

As at September 30, 2014, the Company had a working capital deficiency of \$133,482 (December 31, 2013 – \$110,463 working capital deficiency), had not yet achieved profitable operations, had accumulated losses of \$3,213,404 (December 31, 2013 - \$3,190,385) 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.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
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**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

These condensed 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 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, 2013 annual financial statements.

**2.3 Recent accounting pronouncements**

**Adoption of New Standards**

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

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 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 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.

IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.



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**2. BASIS OF PRESENTATION, (continued)**

**New Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 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. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

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**3. TRADE AND OTHER RECEIVABLES**

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

	<b>September 30, 2014</b>	December 31, 2013
	\$	\$
HST receivable	<b>1,549</b>	1,173
<b>Total trade and other receivables</b>	<b>\$ 1,549</b>	\$ 1,173

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

At September 30, 2014, 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 8.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2014.

**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, 2014</b>	December 31, 2013
	\$	\$
Less than 1 month	<b>11,635</b>	7,646
1 – 3 months	<b>5,296</b>	4,887
Over 3 months	<b>114,634</b>	101,056
<b>Total trade and other payables</b>	<b>\$ 131,565</b>	\$ 113,589

**5. RELATED PARTY TRANSACTIONS**

During the nine month period ended September 30, 2014, \$9,000 (2013 - \$9,000) was charged for services by the Chief Financial Officer.

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. During the nine month period ended September 30, 2014, \$7,500 was advanced by directors of the Company. As at September 30, 2014, \$7,500 (December 31, 2013 - \$nil) is owing to directors for cash advances.

As at September 30, 2014, \$37,290 (December 31, 2013 - \$27,120) in amounts due to related parties was included in trade and other payables.

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**6. 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:

	Number of Shares	Amount \$
<b>Balance, January 1, 2013, December 31, 2013 and September 30, 2014</b>	<b>4,831,362</b>	<b>3,064,922</b>

**7. CONTRIBUTED SURPLUS**

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.

**8. FINANCIAL INSTRUMENTS**

*Fair value*

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

*Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments as at September 30, 2014 include cash, trade and other receivables, trade and other payables. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables 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.

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**8. FINANCIAL INSTRUMENTS *(continued)***

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, 2014, 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, 2014. 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, 2014 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, 2014, the Company had current assets of \$5,583 (December 31, 2013 - \$3,126) compared to current liabilities of \$139,065 (December 31, 2013 - \$113,589). 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, 2014, the Company had a working capital deficiency of \$133,482 (December 31, 2013 – \$110,463 working capital deficiency).

**WAMCO TECHNOLOGY GROUP LTD.  
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
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**9. 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, 2014 totaled a deficiency of \$133,482 (December 31, 2013 – \$110,463 deficiency).

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, 2014. The Company is not subject to externally imposed capital requirements.

**10. CASH**

Cash in the statement of financial position comprise cash at banks.