Consolidated Financial Statements

March 31, 2013

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Aquarius Coatings Inc.

We have audited the accompanying consolidated financial statements of Aquarius Coatings Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012, and the consolidated statements of comprehensive loss, changes in equity and 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 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 in our audits 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 Aquarius Coatings Inc. and its subsidiaries, as at March 31, 2013 and March 31, 2012, and its financial performance and its 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 2 in the consolidated financial statements which describes material uncertainties that cast significant doubt about the Company's ability to continue as going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
July 29, 2013
Toronto, Ontario

Collins Barrow
Chartered Accountants

Aquarius Coatings Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Mar 31, 2013	Mar 31, 2012
ASSETS	**$**	$
Current Assets		
Cash	**3,364**	-
Accounts receivable (Note 4)	**42,429**	47,690
Inventory (Note 5)	**80,668**	68,054
Prepaid expenses	**5,682**	6,282
	132,143	122,026
Long-term investment (Note 9)	**112,272**	112,171
Equipment (Note 6)	**4,087**	2,702
	248,502	236,899
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Liabilities		
Bank indebtedness	**-**	10,850
Accounts payable and accrued liabilities	**523,142**	526,271
Note payable (Note 8)	**200,000**	200,000
Due to related parties (Note 7)	**3,381,655**	3,067,329
	4,104,797	3,804,450
Shareholders' Deficiency		
Share capital (Note 10)	**10,340,865**	10,340,865
Contributed surplus	**5,193,806**	5,193,806
Accumulated other comprehensive income	**112,271**	112,170
Deficit	**(19,503,237)**	(19,214,392)
	(3,856,295)	(3,567,551)
	248,502	236,899

Going Concern (Note 2)
Commitments (Note 14)

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board

"David J. Hennigar"
David J. Hennigar

"N. Gary Van Nest"
N. Gary Van Nest

July 29, 2013

Aquarius Coatings Inc.

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Years Ended	
	Mar 31, 2013	Mar 31, 2012
	$	$
Sales	**184,946**	277,470
Cost of sales (Note 5)	**119,860**	193,891
Gross margin	**65,086**	83,579
Expenses		
Selling, general and administrative (Note 12)	**336,454**	319,146
Bank charges and interest	**23,008**	39,241
Depreciation (Note 6)	**1,215**	951
Write off of accounts payable from prior years	**(6,746)**	-
	353,931	359,338
Net loss	**(288,845)**	(275,759)
Other comprehensive income (Note 9)	**101**	3,065
Total comprehensive loss	**(288,744)**	(272,694)
Loss per share (Note 13)	**($0.003)**	($0.003)
Shares outstanding (Note 10)	107,948,144	107,948,144

See accompanying notes to the consolidated financial statements

Aquarius Coatings Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
for the years ended March 31, 2013 and 2012

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
		$	$	$	$	$
Balance March 31, 2011	107,948,144	10,340,865	5,193,806	(18,938,633)	109,105	(3,294,857)
Net loss	-	-	-	(275,759)	-	(275,759)
Other comprehensive income	-	-	-	-	3,065	3,065
Balance March 31, 2012	107,948,144	10,340,865	5,193,806	(19,214,392)	112,170	(3,567,551)
Net loss	-	-	-	(288,845)	-	(288,845)
Other comprehensive income	-	-	-	-	101	101
Balance March 31, 2012	107,948,144	10,340,865	5,193,806	(19,503,237)	112,271	(3,856,295)

See accompanying notes to the consolidated financial statements

Aquarius Coatings Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

Years Ended

	Mar 31, 2013	Mar 31, 2012
Cash flows were provided by (used in):		
	$	$
Operating activities		
Net loss	**(288,845)**	(275,759)
Depreciation (Note 6)	**1,215**	951
Inventory provision	**5,013**	21,465
Gain on settlement of debt	**(6,746)**	-
Allowance for doubtful accounts	**13,649**	-
Accounts receivable	**(8,388)**	18,215
Inventory	**(17,627)**	4,780
Prepaid expenses	**600**	1
Accounts payable and accrued liabilities	**3,617**	10,162
	(297,512)	(220,185)
Financing activities		
Advances from related parties	**314,326**	216,950
Increase (decrease) in bank indebtedness	**(10,850)**	3,235
	303,476	220,185
Investment activities		
Purchase of equipment	**(2,600)**	-
Increase in cash during the year	**3,364**	-
Cash, beginning of year	**-**	-
Cash, end of year	**3,364**	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS

Aquarius Coatings Inc. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) in 1986 with its office located at 190 Marycroft Avenue, Unit 5, Woodbridge, Ontario, L4L 5Y1. Its shares are listed on the Toronto Stock Exchange Venture under the symbol "AQC". The Company markets a broad line of protective coatings for steel, concrete and manufactured goods with distribution throughout North America. Trade names include Blue Steel Primer, Armaglaze, Armabrite, Armacote, Armakleen123, Sure Tred and Saf-T-Seal.

2. GOING CONCERN

The consolidated financial statements for the Company have been prepared on a going concern basis, which assumes 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.

The Company currently has limited operating revenues and during the years ended March 31, 2013 and March 31, 2012 incurred operating losses of $288,845 and $275,759, respectively. At March 31, 2013 and March 31, 2012, the Company has a working capital deficiency of $3,972,654 and $3,682,424, respectively. Also, at March 31, 2013 and March 31, 2012, the Company has a shareholders' deficiency of $3,856,295 and $3,567,551, respectively. Consequently, the Company's ability to continue as a going concern is dependent on the support of its creditors, the ability to obtain additional financing, and ultimately, the attainment of profitable operations. The Company's lenders, whom are significant shareholders, have indicated that their support will continue over the forthcoming year. However, material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported loss for the year and consolidated statements of financial position classifications.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements are presented in Canadian dollars which is also the Company and its subsidiaries' functional currency.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at March 31, 2013.

The policies set out in note 3 were consistently applied to all the periods.

These consolidated financial statement were approved by the board of directors for issue on July 29, 2013.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Scotiachemco Holdings Limited, Scotiachemco Inc. and Trend Coatings Inc. Inter-company transactions and balances have been eliminated.

(c) Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, revenue and expenses and the accompanying notes. Actual results could differ from these estimates under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The areas that management makes critical estimates, assumptions and judgments are allowance for doubtful accounts, inventories provision, fair value of long-term investments, recoverability of deferred tax assets, and impairment of assets.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of product is recognized upon shipment, when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respective of the transaction can be measured reliably. The transfer of risks and rewards occurs based on the terms of the sales contract. The Company sells its products at agreed upon prices to its customers, which reflect prevailing market prices.

(f) Inventories

Inventories include raw materials and finished goods. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in-first-out basis and includes material, subcontract cost, labour and factory overheads and net realizable value is the anticipated selling price over costs to sell for finished goods and replacement cost for raw materials. Reversal of previous write-downs is required when there is a subsequent increase in the value of inventories.

(g) Equipment

Amortization is provided on equipment over the estimated useful life using the following rates and methods:

Computer equipment	- 50% declining balance
Plant equipment	- 20% declining balance

(h) Income Taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the consolidated statements of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of comprehensive loss in the period which included the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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.

(i) Foreign Currency

Foreign currency transactions are translated into Canadian dollars at the rate prevailing on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the end of the year. Translation gains and losses are recorded in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Provisions

A provision is recognized in the consolidated statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares.

(l) Impairment of assets

Equipment is tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

Impairment losses may be reversed, in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss ("FVTPL") and an available-for-sale financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

(m) Financial Instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Financial Instruments (cont'd)

All financial assets are classified into one of the following four categories: held for trading, held to maturity, loans and receivables or available for sale. All financial liabilities are classified into one of the following two categories: held for trading or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined by the Company when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The Company has elected to apply the following classifications to each of its significant categories of financial instruments:

Financial Asset/Liability	Classification	Measurement
Accounts receivable	Loans and receivables	Amortized cost
Long-Term Investments	Available-for-sale	Fair value
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Note payable	Other liabilities	Amortized cost
Due to related party	Other liabilities	Amortized cost

FVTPL financial investments are measured at fair value and all gains and losses are included in the consolidated statements of comprehensive loss in the year in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, impairment write-downs and foreign exchange translation adjustments are recognized immediately.

(n) Fair value measurement

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1.
Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

(o) Recent accounting pronouncements

• IFRS 7 'Financial Instruments: disclosures' – was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. The amendments are effective for annual periods beginning on or after January 1, 2013. Management has not yet considered the impact of the adoption of IFRS 7.

(Expressed in Canadian dollars, unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

• IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2015, 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, 2015, and has not yet considered the impact of the adoption of IFRS 9.

• IFRS 10 – 'Consolidated Financial Statements' - IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities and is effective for annual periods beginning on or after January 1, 2013. Management has not yet considered the impact of the adoption of IFRS 10.

• IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. Management has not yet considered the impact of the adoption of IFRS 13.

4. ACCOUNTS RECEIVABLE

		Mar 31, 2013		Mar 31, 2012
Accounts Receivable	**$**	**96,889**	$	94,675
Allowance for doubtful accounts		**(54,460)**		(46,985)
	$	**42,429**	**$**	**47,690**

Allowance for doubtful debts:		Period Ended		
		Mar 31, 2013		Mar 31, 2012
Balance beginning of period	**$**	**46,985**	$	46,985
Additional allowance for doubtful acounts		**13,649**		-
Utilization of provision		**(6,174)**		-
Balance end of period	**$**	**54,460**	**$**	**46,985**

5. INVENTORY

Inventory is comprised as follows:

		Mar 31, 2013		Mar 31, 2012
Raw Materials	**$**	**67,202**	$	70,769
Finished Goods		**39,944**		18,750
		107,146		89,519
Provision for obsolete inventory		**(26,478)**		(21,465)
	$	**80,668**	$	68,054

The amount of inventory recognized as an expenses during the year ended March 31, 2013 was $119,860 (2012 - $193,891). The Company recorded a provision of $5,013 (2012 - $21,465) for slow-moving inventories, which was charged to cost of sales. Inventories are pledged as security to the note payable to the related party (Note 7).

(Expressed in Canadian dollars, unless otherwise indicated)

6. EQUIPMENT

Equipment is comprised of:

Description	Cost			Accumulated Depreciation			Net Book Value
	Balance Mar 31, 2011	Additons	Balance Mar 31, 2012	Balance Mar 31, 2011	Depreciation for period	Balance Mar 31, 2012	Mar 31, 2012
Computer equipment	$ 8,219	-	$ 8,219	$ 6,016	$ 661	$ 6,677	$ 1,542
Plant equipment	1,450	-	1,450	-	290	290	1,160
	$ 9,669	$ -	$ 9,669	$ 6,016	$ 951	$ 6,967	$ 2,702

March 31, 2013

Description	Cost			Accumulated Depreciation			Net Book Value
	Balance Mar 31 2012	Additons	Balance Mar 31, 2013	Balance Mar 31, 2012	Depreciation for period	Balance Mar 31, 2013	Mar 31, 2013
Computer equipment	$ 8,219	-	$ 8,219	$ 6,677	$ 463	$ 7,140	$ 1,079
Plant equipment	1,450	2,600	4,050	290	752	1,042	3,008
	$ 9,669	$ 2,600	$ 12,269	$ 6,967	$ 1,215	$ 8,182	$ 4,087

7. RELATED PARTY TRANSACTIONS

Amount due to related party and related party transactions:

	Mar 31, 2013	Mar 31, 2012
Note payable to Forest Lane Holdings Limited, a company controlled by a shareholder, is non-interest bearing with no specific terms of repayment. The amount is secured by a general security agreement.	**$3,381,655**	$3,067,329

The Company also had a note payable to another related party, whose Vice President is also Chief Financial Officer of the Company, as at March 31, 2013 and March 31, 2012 (Note 8).

The compensation expenses associated with key management and directors for employment or similar services is as follows:

	Year ended	
	Mar 31, 2013	Mar 31, 2012
Salaries and other benefits	$ 87,527	$ 93,306

8. NOTE PAYABLE

	Mar 31, 2013	Mar 31, 2012
Subordinated promissory note payable to related party, non-interest bearing, unsecured and payable on demand.	**$ 200,000**	$ 200,000

(Expressed in Canadian dollars, unless otherwise indicated)

9. LONG-TERM INVESTMENT

Woodland Biofuels Inc. ("Woodland")

The Company holds 112,272 shares in Woodland which were originally carried at a nominal value since no readily available market for the shares existed at that time. Woodland completed a private placement of 4,000,000 shares in December 2010 at a price of US$1.00 per share, completed another private placement of 100,000 shares in September 2011 at a price of C$1.00 per share and completed an additional private placement of 500,000 shares at C$1.00 per share in Q2 2012.

In Q3 and Q4 2012 Woodland issued 2,726,900 units at C$1.00 per unit (each unit comprising one common share and one warrant exercisable at $1.50 per share for a 4 year period) and is committed to issue a further 810,200 shares at C$1.00 per share. The Company is using the most recent share issue price as the basis for the fair value measurement of the investment in Woodland. The changes between the values on the statements of financial position dates are recorded in other comprehensive income for the year ended March 31, 2012 and March 31, 2013.

10. SHARE CAPITAL

Share capital consists of the following:
Authorized
Unlimited number of non-voting, non-cumulative preference shares, issuable in series, convertible into one common share and redeemable at their stated capital amount
Unlimited number of common shares

	Number of Shares		Dollar Value	
	Mar 31, 2013	Mar 31, 2012	**Mar 31, 2013**	Mar 31, 2012
Issued				
Common	**107,948,144**	107,948,144	**$ 10,340,865**	$ 10,340,865

11. INCOME TAX

The following table reconciles the income tax provision from the expected amount based on statutory rates to the amount reported for financial statement purposes for the years ended March 31, 2013 and March 31, 2012:

	Year ended	
	Mar 31, 2013	Mar 31, 2012
Net income (loss)	$ (288,845)	$ (275,759)
Income tax (recovery) at Canadian Federal and provincial statutory rates of 26.5% (2012 - 28.25%)	$ (76,544)	$ (77,902)
Non-taxable items, and other permanent differences	48,344	8,196
Deferred tax asset not recognized	28,200	69,706
Provision for income taxes	$ -	$ -

(Expressed in Canadian dollars, unless otherwise indicated)

11. INCOME TAX (Cont'd)

The tax effects of temporary differences that give rise to deferred income tax assets or liabilities at March 31, 2013 and March 2012 are as follows:

	Mar 31, 2013	Mar 31, 2012
Non-Capital losses carried forwards	$ 804,100	$ 772,400
Long-term investment	(29,800)	(31,700)
Equipment	36,800	38,900
Other	22,200	25,500
	833,300	805,100
Less: Deferred tax assets not recognized	(833,300)	(805,100)
Balance	$ -	$ -

Non-capital losses carried forward	
2014	$ 262,530
2015	395,532
2026	306,275
2027	183,097
2028	327,325
2029	438,630
2030	365,104
2031	217,199
2032	238,332
2033	300,314
	$ 3,034,338

12. EXPENSES BY NATURE

	March 31, 2013	March 31, 2012
Salaries and allowance	$146,720	$151,937
Social Welfare contributions	8,486	9,898
Workers compensation	3,100	3,100
Total personnel costs	$158,306	$164,935
Rent expense	$26,102	$26,102

13. LOSS PER SHARE

The loss per share is calculated based upon the weighted average number of common shares outstanding during the year of 107,948,144 (2012 – 107,948,144). The Company had no outstanding warrants or stock options as at March 31, 2013 and 2012. As a result, the basic and fully diluted weighted arrange number of common shares are the same.

14. COMMITMENTS

The Company is committed to $12,290 in rent payments for fiscal 2014 for the head office location. No lease commitments have been capitalized.

15. FINANCIAL INSTRUMENTS

Fair Values

The estimated fair values of cash, accounts receivables, bank indebtedness, accounts payable and accrued liabilities, note payable and amount due to related parties approximate their carrying values due to the relatively short-term nature of the instruments.

The following table allocates financial assets which are measured at fair value to the three levels of the fair value hierarchy, as defined in Note 3 (n):

	Level 1	Level 2	Level 3	Total
March 31, 2013	$ -	$ 112,272	$ -	$ 112,272
March 31, 2012	$ -	$ 112,171	$ -	$ 112,171

During the years ended March 31, 2013 and 2012, there was no transfer of financial assets between the three levels of the fair value hierarchy.

16. FINANCIAL RISKS

The main risks the Company's financial instruments are exposed to are credit risk, foreign currency risk, liquidity risk and market risk.

Credit Risk

The Company's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures.

In the year ended March 31, 2013, two customers accounted for approximately 58% (2012 – 29%) of sales. As at March 31, 2013 the two customers accounted for approximately 38% (2012 – 65%) of total trade receivables.

Foreign Currency Risk

The Company has some revenue and raw material purchases denominated in US funds. The following table discloses company's foreign currency exposures as at March 31, 2013:

Accounts receivable	US$10,552
Accounts payable	US$30

(Expressed in Canadian dollars, unless otherwise indicated)

16. FINANCIAL RISKS (Cont'd)

Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual cash flows from operations. In recent years, additional loans from directors/shareholders have provided the necessary liquidity required.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. As indicated in Note 9, the Company has an investment in a company focused in the development and production of ethanol and other fuels and chemicals from biomass. The fair value of this investment is subject to the future financing to further develop the plan facility and the prices of the ethanol and wood. The Company has determined that it is not exposed significantly to any other market risk.

Interest Rate Risk

The amount due to related parties and note payable (Notes 7 and 8, respectively) are non-interest bearing and, as such, are not subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates.

17. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as the aggregate of its loans payable, share capital, contributed surplus, accumulated other comprehensive income and deficit. Its objectives when managing capital are to ensure that the Company will continue as a going concern, so that it can provide returns to its shareholders.

	Mar 31, 2013	Mar 31, 2012
Note payable	**$ 200,000**	$ 200,000
Due to related parties	**3,381,655**	3,067,329
Share capital	**10,340,865**	10,340,865
Contributed surplus	**5,193,806**	5,193,806
Accumulated other comprehensive income	**112,271**	112,170
Deficit	**(19,503,237)**	(19,214,392)
Total Deficiency	**$ (274,640)**	$ (300,222)

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to management of capital remains unchanged from the year ended March 31, 2012.

18. SEGMENTED INFORMATION

Management has determined that the Company carries on business in one operating segment only. All capital assets are located in Canada. Sales other than to Canadian customers for the year ended March 31, 2013 were export sales to the United States of US$78,674 (2012 – US$30,351).

DIRECTORS AND OFFICERS

David J. Hennigar	Chairman, Acting Chief Executive Officer and Director
J. T. MacQuarrie, Q.C.	Director
N. Gary Van Nest	Director
Michael G Ryan	Director
Lorne S. MacFarlane	Chief Financial Officer and Secretary

Listed: TSX Venture Exchange
Stock Symbol: AQC