SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

Year ended March 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Saratoga Electronic Solutions Inc. ("Saratoga" or the "Company") was prepared in accordance with Regulation 51-102 "Respecting Continuous Disclosure Obligations" and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the years ended March 31, 2012 and 2011. The Company files its audited consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its audited consolidated financial statements on the basis of International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

This MD&A may contain information and declarations on the future performance of the Company that are by nature forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The audited consolidated financial statements and MD&A of the Company in respect of the years ended March 31, 2012 and 2011 were reviewed by the Audit Committee and approved by the Board of Directors of the Company on July 30, 2012.

OVERVIEW

The Company is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange under the symbol "SAR". The Company is headquartered in Montreal, Quebec, Canada.

Business Overview

As at March 31, 2012, the Company had two significant business units which are described in more detail below: Automated Teller Machines ("ATMs") and prepaid products.

All of the Company's business units operate solely in Canada. The accounting policies used to prepare the information by business segment are the same as those used to prepare the audited consolidated financial statements of the Company.

ATMs

The Company, through its subsidiary Saratoga ATM Corporation Inc. ("Saratoga ATM"), is in the business of placing and operating ATMs in Eastern Canada.

An ATM allows a bank customer to withdraw cash in convenient locations. The Company enters into placement agreements with merchants that host the ATMs. Depending on the terms of the placement agreement, the Company can earn both a surcharge and a network fee for transactions taking place at the ATM. Saratoga carries various models of ATMs that suit the diverse needs of the hosting merchants.

As of March 31, 2012, the Company's wholly-owned subsidiary, Saratoga ATM Corporation Inc. ("Saratoga ATM"), through which it conducts its automated teller machine ("ATM") business entered into an agreement with Access Cash General Partnership ("Access Cash") to which Saratoga ATM sold substantially all of its ATM assets to Access Cash. The closing of the transaction was held on April 5, 2012.

This transaction results from the previously announced strategic review undertaken by the Company. The ATM business consists of approximately 450 ATM locations as at March 31, 2012.

Description of the transaction

The purchase price is $1.8 million for the ATM business and the proceeds of approximately $1.8 million are to be paid in cash.

Effect on the Company

The Company used the transaction proceeds of approximately $1.8 million in cash to reduce long-term debt by approximately $0.5 million, to reduce short-term loan by approximately $0.9 million and to injected in working capital approximately $0.4 million.

Prepaid products

The Company, through its subsidiary Car-Tel Distributions Inc. ("Car-Tel"), is in the business of distributing to consumers point-of-sale (POS) activated prepaid cellular telephone PINs and long distance calling cards, as well as offering retailers a variety of electronic gift card solutions. All of Car-Tel's electronic devices are connected to its proprietary server and database software through wireless or land-line wide area networks or through host-to-host connectivity.

Car-Tel offers a complete electronic gift card program to major product distributors across Canada. Customers are provided with the option of entering into a closed-loop distribution agreement, whereby the electronic gift cards are distributed to the customer's existing client base, or an open loop distribution agreement, whereby, in addition, the electronic gift cards are also distributed to Car-Tel's entire network of users of its various products.

The Company entered into a definitive share purchase agreement (the "Purchase Agreement") pursuant to sell all of the shares of its wholly-owned subsidiary Car-Tel Distributions Inc. ("Car-Tel") to 7999291 Canada Inc., a corporation controlled by Luc Charlebois, a shareholder and director of Saratoga and an officer of Car-Tel (the "Transaction"). The closing of the transaction was held on December 16, 2011.

This transaction results from the previously announced strategic review undertaken by the Company. Car-Tel's network of POS machines consisted of approximately 2,570 POS locations as at December 15, 2011.

Description of the transaction

The purchase price of the shares of Car-Tel is approximately $0.5 million. The proceeds are approximately $1.2 million and were paid through a combination of cash and the settlement of certain specified liabilities.

Furthermore, in the event that an end user charge is implemented in relation to the distribution of prepaid cellular, long distance or gift cards within the next two years, the Company will be entitled to a fee equal to 9% of such charge for each prepaid cellular, long distance or gift cards distributed during the 36 month period following the implementation of such charge.

Effect on the Company

The Company used the transaction proceeds of approximately $1.2 million in cash to reduce long-term debt by approximately $0.7 million and to injected in working capital approximately $0.5 million. Furthermore, the proceeds included an amount of approximately $0.16 million in forgiveness of intercompany loans. The Company's consolidated long-term debt was further reduced by approximately $0.3 million as a result of the repayment by Car-Tel of the debt due to Saratoga Leasing Inc.

Discontinued operations

The Company sold Car-Tel shares on December 15, 2011 as a result, Car-Tel is reported in the audited consolidated financial statements of the Company for the period ended March 31, 2012 as a discontinued operation.

The Company sold its ATM business segment long-lived assets on April 5, 2012 with an effective date of March 31, 2012 as a result, the ATM business segment is reported in the audited consolidated financial statements of the Company for the period ended March 31, 2012 as a discontinued operation.

Going concern

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to restore itself to profitability and positive cash flows. The Company has sold its prepaid business segment on December 15, 2011 and its ATM business segment as of March 31, 2012. The Company is looking for new investing interest. The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement.

The carrying amounts of assets, liabilities, revenues and expenses presented in the audited consolidated financial statements and the statements of financial position classification have not been adjusted as would be required if the going concern assumption was not appropriate.

Money remittance

On October 26, 2006, the Company entered into a Memorandum of Agreement (the "MOA") with Union Bank of the Philippines ("UnionBank") in order to commercialize and distribute Saratoga's electronic remittance system (the "SES System Software" or "the System") and to provide Saratoga with the exclusive Canadian rights to the money remittance business of UnionBank for a period of five years.

Pursuant to the MOA, Saratoga assumed the ultimate responsibility for the development of an electronic infrastructure that permitted Automated Clearing House remittance of funds designed to enable persons residing in Canada to electronically transfer funds to persons residing in the Philippines. This service targeted the needs of the Canadian Filipino community to send funds to the Philippines in an economical, secure and efficient manner.

On October 7, 2011, a sale and purchase agreement by and between the Company and UnionBank was completed. The Company as the registered owner of the SES System Software has deemed it in the best interest of the Company to sell, transfer and assign all its rights over SES System Software to UnionBank. The Company received on November 18, 2011 the sum of $125,000 taxes included as per the sale and purchase agreement.

Normal course issuer bid

The TSX Venture Exchange (“TSX-V”) accepted the Company’s Notice of Intention to make a Normal Course Issuer Bid (“NCIB”). Pursuant to the NCIB, the Company could, from time to time, purchase through the facilities of the TSX-V up to an aggregate of 932,415 of its common shares, being approximately 5% of the Company’s issued and outstanding common shares as of May 12, 2010. Given the initiation by the Company of a process to explore and consider possible strategic alternatives for enhancing shareholder value, purchases of shares pursuant to the NCIB were suspended in December 2010.

During the year ended March 31, 2011, the Company repurchased for cancellation 187,000 of its shares for a total consideration of $24,550 under the NCIB. At March 31, 2011, these shares were held as treasury shares. These treasury shares were cancelled on May 27, 2011.

Quarterly results

Quarter	Revenues	Net earnings (loss)	Net earnings(loss) per share - basic and diluted
	$	$	$
Year ended March 31, 2012			
Fourth Quarter	968,090	3,949,729	0.21395
Third Quarter	8,898,342	(684,475)	(0.03708)
Second Quarter	12,359,979	43,941	0.00238
First Quarter	12,401,012	118,589	0.00642
Year ended March 31, 2011			
Fourth Quarter	11,405,385	(1,528,214)	(0.08278)
Third Quarter	13,345,085	(378,337)	(0.02042)
Second Quarter	15,082,148	(4,718)	(0.00025)
First Quarter	15,061,246	78,182	0.00420

Note: For comparative purpose, the total revenue, net income (loss) and EPS in this chart included continuing and discontinued operations.

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the three-months period and years ended March 31, 2012, 2011 and 2010.

	Three-month period			Year ended		
	March 31, 2012 (audited)	March 31, 2011 (audited)	March 31, 2010 (audited)	March 31, 2012 (audited)	March 31, 2011 (audited)	March 31, 2010 (audited)
	$ (except for share information)	$ (except for share information)	$ (except for share information)	$ (except for share information)	$ (except for share information)	**$** (except for share information)
Total assets	**2,352,144**	6,603,527	9,512,944	**2,352,144**	6,603,527	9,512,944
Bank loans	**590,000**	1,618,160	1,813,580	**590,000**	1,618,160	1,813,580
Long-term debt	**-**	2,017,870	2,267,924	**-**	2,017,870	2,267,924
Revenue	**16,642**	15,179	10,113	**59,474**	58,011	55,713
Operating income (loss) before finance expenses and income taxes	**3,944,497**	(137,475)	(300,460)	**3,266,489**	(492,048)	(684,060)
Net finance expense	**75**	25,918	34,222	**61,507**	115,673	153,547
Income (loss) before income taxes	**3,944,422**	(163,393)	(334,682)	**3,204,982**	(607,721)	(837,607)
Income (recovery) taxes expense	**(99,537)**	(1,309)	105,823	**(4,173)**	12,783	95,542
Net income (loss) from continuing activities	**4,043,959**	(162,084)	(440,505)	**3,209,155**	(620,504)	(933,149)
Net income (loss) from discontinued activities	**(94,230)**	(1,366,130)	(163,992)	**218,629**	(1,212,583)	(278,701)
Net profit and comprehensive income	**3,949,729**	(1,528,214)	(604,497)	**3,427,784**	(1,833,087)	(1,211,850)
Earnings per share basic	**0.21395**	(0.08278)	(0.03242)	**0.18567**	(0.09929)	(0.06498)
Earnings per share diluted	**0.21291**	(0.08278)	(0.03242)	**0.18477**	(0.09929)	(0.06498)
Weighted average number of common shares outstanding						
Basic	**18,461,300**	18,461,300	18,648,300	**18,461,300**	18,461,300	18,648,300
Diluted	**18,551,300**	18,461,300	18,648,300	**18,551,300**	18,461,300	18,648,300

Results of operations

Revenues

Revenues based on segmented information for the three-month period ended March 31, 2012 decreased to $968,090 from $11,405,386 for the three-month period ended March 31, 2011, representing a year-over-year decrease of $10,437,296 (91.51%). The decrease in revenues was a direct result of the decrease of $10,475,203 (100.00%) in prepaid products segment revenues, offset by an increase of $36,444 (3.98%) in ATM segment revenues and in corporate items of $1,463 (9.64%).

Total revenues from the ATM business (Saratoga ATM) were $951,448 for the three-month period ended March 31, 2012, compared to $915,004 for the three-month period ended March 31, 2011. The year-over-year revenue increase in the ATM segment is $36,444 (3.98%), mostly attributable to increased number of total ATM locations. The average number of ATM locations is 450 as at March 31, 2012, compared to 443 ATM locations as at March 31, 2011, representing an increase of 7 ATM locations during the year. The number of transactions per ATM location is 784 for the period ended March 31, 2012, compared to 777 for the period ended March 31, 2011, representing an increase of 7 transactions per ATM location.

Total revenues from the prepaid products business were $Nil for the three-month period ended March 31, 2012, compared to $10,475,203 for the three-month period ended March 31, 2011. The year-over-year revenue decrease in the prepaid products segment is $10,475,203 (100.00%). Total revenues from the prepaid products business were decreased by the sale of Car-Tel on December 15, 2011.

Revenues based on segmented information for the year ended March 31, 2012 decreased to $34,627,423 from $54,893,864 for the year ended March 31, 2011, representing a year-over-year decrease of $20,266,441 (36.92%). The decrease in revenues was a direct result of the decrease of $20,331,630 (40.03%) in prepaid products segment revenues, offset by an increase of $63,726 (1.57%) in ATM segment revenues and in corporate items of $1,463 (2.52%).

Total revenues from the ATM business (Saratoga ATM) were $4,110,680 for the year ended March 31, 2012, compared to $4,046,954 for the year ended March 31, 2011. The year-over-year revenue increase in the ATM segment is $63,726 (1.57%), mostly attributable to increased number of ATM locations. The average number of ATM locations is 450 for the year ended March 31, 2012, compared to 419 ATM locations for the year ended March 31, 2011, representing an increase of 31 ATM locations. The average number of transactions per ATM location is 3,387 for the year ended March 31, 2012, compared to 3,618 for the year ended March 31, 2011, representing a decrease of 231 (6.83%) transactions per ATM location.

Total revenues from the prepaid products business were $30,457,269 for the year ended March 31, compared to $50,788,899 for the year ended March 31, 2011. The year-over-year revenue decrease in the prepaid products segment is $20,331,630 (40.03%), mostly attributable to decreased number of POS machine locations and transactions per POS machine locations. The average number of POS machine locations is 2,606 for the year ended March 31, 2012, compared to 2,899 POS machine locations for the year ended March 31, 2011, representing a decrease of 293 POS machine locations during the twelve-month period. The average number of transactions per ATM location is 777 for the year ended March 31, 2012, compared to 891 for the year ended March 31, 2011, representing a decrease of 114 per POS machine location. Furthermore, the decrease is accentuated by the decrease of 3% in gross margins since April 1 of one service provider and since August 1, 2011 of 2 service providers. Total revenues from the prepaid products business were further decreased by the sale of Car-Tel on December 15, 2011, thus the revenues are based on 259 days of operations as of year ended March 31, 2012, compared to 365 days of operations as of year ended March 31, 2011.

Direct costs

Direct costs for the three-month period ended March 31, 2012 decreased to $849,589 from $10,876,597 for the three-month period ended March 31, 2011, representing a year-over-year decrease of $10,027,008 (92.19%). The decrease in direct costs was a direct result of the decrease of $10,112,563 (100.00%) in prepaid products segment, offset by an increase of $85,555 (11.20%) in ATM segment. The total direct costs decrease in the prepaid products segment and ATM segment are in line with decreases in same segments as explained in revenues. This year-over-year decrease of $10,027,008 is explained by a decrease in cellular PIN's of $10,050,785 (100.00%), in leasing equipment of $555 (100.00%) and in repairs and maintenance $17,100 (159.28%), offset by an increase in commissions $40,172 (5.47%) and in transport fees of $1,260 (1.56%).

Direct costs for the year ended March 31, 2012 decreased to $33,051,427 from $52,127,075 for the year ended March 31, 2011, representing a year-over-year decrease of $19,075,648 (36.59%). The decrease in direct costs was a direct result of the decrease of $19,184,852 (39.38%) in prepaid products segment, offset by an increase of $109,204 (3.20%) in ATM segment. The total direct costs decrease in the prepaid products segment and ATM segment are in line with decreases in same segments as explained in revenues. This year-over-year decrease of $19,075,648 is explained by a decrease in cellular PIN's of $19,161,749 (39.53%), in leasing equipment of $8,505 (100.00%) and in transport fees of $6,043 (1.80%), offset by an increase in commissions $41,152 (1.27%) and in repairs and maintenance $59,497 (99.45%).

Selling and administrative expenses

Selling and administrative expenses for the three-month period ended March 31, 2012 were $252,984, compared to $437,565 for the three-month period ended March 31, 2011. Selling and administrative expenses decreased year-over-year by $184,581 (42.18%). This year-over-year increase of $184,581 is explained by an increase in insurance expense of $715 (5.95%), in professional fees of $58,903 (47.63%), offset by a decrease in bad debt of $4,614 (64.86%), in office expenses of $23,581 (82.91%), in office salaries and benefits of $120,759 (84.30%),in selling expenses of $63,133 (98.38%), taxes and licenses of $1,519 (14.53%), in telecommunications expense of $23,625 (174.84%) and in utilities expense of $6,968 (19.95%). Total selling and administrative expenses from the prepaid products business were further decreased by the sale of Car-Tel on December 15, 2011.

Selling and administrative expenses for the year ended March 31, 2012 were $1,428,750, compared to $1,689,476 for the year ended March 31, 2011. Selling and administrative expenses decreased year-over-year by $260,726 (15.43%). This year-over-year decrease of $260,726 is explained by an increase in bad debt of $193 (2.84%), in insurance expense of $22,292 (49.79%), in professional fees of $89,892 (25.24%), offset by a decrease in office expenses of $55,400 (35.46%), in office salaries and benefits of $164,866 (24.48%), in selling expenses of $119,527 (42.37%), in taxes and licenses of $11,600 (26.82%), in telecommunications expense of $13,742 (26.87%) and in utilities expense of $7,968 (10.56%). Total selling and administrative expenses from the prepaid products business were further decreased by the sale of Car-Tel on December 15, 2011, thus the selling and administrative expenses of the prepaid segment are based on 259 days of operations as of March 31, 2012, compared to 365 days of operations as of March 31, 2011.

Depreciation of property, equipment

Depreciation of property, equipment for the year ended March 31, 2012 decreased to $41,232 from $417,231 for the year ended March 31, 2011, representing a year-over-year decrease of $375,999 (90.12%). The amount of $41,232 represents the depreciation of the 2975 Hochelaga, Montreal building in the amount of $39,102 (2010 - $41,597) and of $136 (2010 - $143) in other fixed assets.

Depreciation of property, equipment reported from discontinued operations for the year ended March 31, 2012 was nil (2010 – Nil). Under discontinued operations policies, no depreciation of assets are accounted for.

Amortization of intangible assets

Amortization of intangible assets from continuing operations for the year ended March 31, 2012 decreased to nil from $574,583 for the year ended March 31, 2011, representing a year-over-year decrease of $574,583 (100.00%). All remaining intangible assets were amortized by year-end March 31, 2011.

Money remittance costs

Money remittance costs recovery of $91,263 for the year ended March 31, 2012, compared to money remittance costs of $11,063 for the year ended March 31, 2011, representing a year-over-year increase of $102,326 (924.94%). The increase in cost recovery of $102,326 is mainly explained by the Company selling its money remittance network for an amount of $109,721 plus taxes to Union Bank of the Philippines, offset by a decrease in money remittance costs for maintenance costs of the money remittance network of $2,605 and an increase in legal fees of $10,000 to complete the sale of the money remittance network.

Strategic revision process costs

Strategic revision process costs reported from continuing operations for the three-month period ended March 31, 2012 increased to $200,439, compared to $7,869 for the three-month period ended March 31, 2011, representing a year-over-year increase of $192,570 (2,447.20%). The strategic revision process costs include professional and legal fees for the strategic revision process. The increase results in the sale of the ATM business network costs for finder's fee of $122,500, consulting fees of $3,400 and layers fees of approximately $66,670.

Strategic revision process costs reported from continuing operations for the year ended March 31, 2012 increased to $422,092, compared to $102,467 for the year ended March 31, 2011, representing a year-over-year increase of $319,625 (311.93%). The strategic revision process costs include professional and legal fees for the strategic revision process. The increase in strategic revision process costs of $319,625 are mainly explained by an increase in strategic review consultant of $118,166 (248.56%), in legal fees of $162,215 (1,019.32%), in consultants of $39,938 (130.82%) in special committee directors fees $1,000 (19.23%), offset by data site expenses of $1,694 (51.62%).

Insurance claim

Insurance claim reported from continuing operations for the year ended March 31, 2012 increased to $84,735 (2011 – Nil), representing a year-over-year increase of $84,735 (100.00%). The insurance claim was in the amount of $95,762, offset entirely by the expenses of $11,027. The insurance claim received is due to a spring flooding in April 2011.

Gain on disposition of business unit

Gain on disposition of the prepaid business unit reported from continuing operations for the year ended March 31, 2012 increased to $3,069,346 (2011 – Nil), representing a year-over-year increase of $3,069,346 (100.00%). The amount represents the gain on disposition in the sale of shares of the business unit (Car-Tel), as of December 15, 2011.

Gain on disposition of business network

Gain on disposition of the ATM business network reported from continuing operations for the year ended March 31, 2012 increased to $873,657 (2011 – Nil), representing a year-over-year increase of $873,657 (100.00%). The amount represents the gain on disposition assets and ATM network of the sale of the business unit network (Saratoga ATM), as of March 31, 2012.

Finance costs

Finance costs for the three-month period ended March 31, 2012 increased to $113,533 from $106,277 for the three-month period ended March 31, 2011, representing a year-over-year increase of $7,256 (6.83%). The increase in finance costs was a direct result of the increase of $64,573 (132.09%) in ATM segment, offset by a decrease of $28,435 (99.74%) in corporate items and of $28,882 (100.00%) in prepaid products segment. The decrease in finance costs of $28,882 in prepaid products segment and in corporate items of $28,435 is explained by the repayment of long-term debt as of the sale of Car-Tel on December 15, 2011. The increase of $64,573 in ATM segment is mainly explained by the pre-closing final interest expense of $82,195 in the buy-back of the obligation under capital lease, offset by a decrease in interest of short-term loans and long term-debt of approximately $17,622.

Finance costs for the year ended March 31, 2012 decreased to $375,523 from $414,218 for the year ended March 31, 2011, representing a year-over-year decrease of $38,695 (9.34%). The decrease in finance costs was a direct result of the decrease of $35,369 (27.74%) in prepaid products segment and of $54,166 (46.83%) in corporate items, offset by an increase of $50,840 (29.72%) in ATM segment. The decrease in finance costs of $35,369 in prepaid products segment and of $54,166 in corporate items is explained by the repayment of long-term debt as of the sale of Car-Tel on December 15, 2011. The finance costs increase of $50,840 in ATM segment is mainly explained by the pre-closing final interest expense of $82,195 in the buy-back of the obligation under capital lease, offset by a decrease in interest of short-term loans and long term-debt of approximately $31,355.

Operating income before income taxes

The operating income of continuing operating activities before income taxes for the three-month period ended March 31, 2012 increased to $3,944,422 from a loss of $163,393 for the three-month period ended March 31, 2011, representing a year-over-year increase of $4,107,815 (2,514.07%).

The operating income of continuing operating activities before income taxes for the year ended March 31, 2012 increased to $3,204,982 from a loss of $607,721 for the year ended March 31, 2011, representing a year-over-year increase in income of $3,812,703 (627.38%).

Income taxes

Income taxes recovery reported from continuing operations for the three-month period ended March 31, 2012 increased to $99,537, compared to $1,309 for the three-month period ended March 31, 2011, representing a year-over-year increase of $98,288 (7,504.05%).

Recovery taxes expense of $4,173 reported from continuing operations for the year ended March 31, 2012, compared to income taxes expense of $12,783 for the year ended March 31, 2011, representing a year-over-year increase in recovery of taxes of $16,956 (132.64%).

Net income from assets of discontinued activities

Net loss from discontinued operations for the three-month period ended March 31, 2012 was $94,230 (2011 – Nil). This loss from assets of discontinued activities is mainly explained by the loss of $94,230 for Saratoga ATM.

Net income from discontinued operations for the year ended March 31, 2012 was $218,629, compared to a loss of 1,212,583 the year ended March 31, 2011. This year over year increase in net income of $1,431,212 (118.03%) is mainly explained by the net income increase of $1,339,664 (105.68%) for Car-Tel and of $91,548 (166.20%) for Saratoga ATM.

Net income (loss) and comprehensive income

The Company realized a net income for the three-month period ended March 31, 2012 of $3,949,729, compared to a net loss for the three-month period ended March 31, 2011 of $1,528,214, representing an increase in net income of $5,477,943 (358.45%).

The Company realized a net income for the year ended March 31, 2012 of $3,427,784, compared to a net loss for the year ended March 31, 2012 of $1,833,087, representing an increase in net income of $5,260,871 (287.00%).

Income per share

The income per share - basic and diluted for the three-month period ended March 31, 2012 was $0.21395 and $0.21291, respectively, compared to a loss per share - basic and diluted for the three-month period ended March 31, 2011 of $0.08278 and $0.08278, respectively, calculated on a basic weighted average number of 18,461,300 outstanding common shares at March 31, 2012 (2011 - 18,461,300) and calculated on a diluted weighted average number of 18,551,300 outstanding common shares at March 31, 2012 (2011 - 18,461,300).

The income per share - basic and diluted for the year ended March 31, 2012 was $0.18567 and $0.18477, respectively, compared to a loss per share - basic and diluted for the year ended March 31, 2011 of $0.09929 and $0.09929 respectively, calculated on a basic weighted average number of 18,461,300 outstanding common shares at March 31, 2012 (2011 - 18,461,300) and calculated on a diluted weighted average number of 18,551,300 outstanding common shares at March 31, 2012 (2011 - 18,461,300).

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2012 and 2011.

	For the three-month period ended		**For the year ended**	
	March 31, 2012 (unaudited)	**March 31, 2011 (unaudited)**	**March 31, 2012 (audited)**	**March 31, 2011 (audited)**
	$	**$**	**$**	**$**
Cash flow (used in) from continuing operations	(11,078)	87,455	(541,376)	84,854
Cash flow (used in) from discontinued operations	74,939	-	393,232	-
Cash flow from (used in) investing from continuing activities	-	1,105	1,193,788	(28,099)
Cash flow from (used in) investing discontinued activities	(101)	-	(36,848)	-
Cash flow (used in) from financing continuing activities	68,153	399,371	(58,865)	(395,010)

Cash flow (used in) from financing discontinued activities	(205,475)	-	(1,069,211)	-
Net increase (decrease) in cash and cash equivalents	(73,562)	487,931	(119,280)	(338,255)

Operating activities

Cash flows used in continuing operating activities were $11,078 for the three-month period ended March 31, 2012, compared to cash flows generated of $87,455 for the three-month period ended March 31, 2011. The decrease of $98,533 (112.67%) in cash flows generated from operating activities is primarily attributable to an increase in generated net income of $5,573,133 (364.68%) and an increase in generated non-cash working capital items of $144,285 (132.85%), offset by an increase in used cash flow from items not involving cash of $5,815,951 (385.91%). The variances in cash-flow from continuing operations as of March 31, 2012, compared to March 31, 2011, are explained mainly by discontinued operations being accounted for separately.

Cash flows generated in discontinued operating activities for the three-month period ended March 31, 2012 were $74,939 (2011 – Nil). The increase of $74,939 in cash flows generated from discontinued operating activities is primarily attributable to used cash flow in net loss of $95,190 and in generated cash flow in items not involving cash of $170,209 and in used cash flow from non-working capital adjustments of $80.

Cash flows used in continuing operating activities were $541,376 for the year ended March 31, 2012, compared to cash flows generated of $84,854 for the year ended March 31, 2011. The decrease of $626,230 (738.01%) in cash flows generated from operating activities is primarily attributable to an increase of net income of $5,042,242 (275.07%) and a decrease in generated items not involving cash of $6,271,037 (265.25%) and a decrease in generated cash flow from non-working capital adjustments of $602,565 (135.02%). The variances in cash-flow from continuing operations as of March 31, 2012, compared to March 31, 2011, are explained mainly by discontinued operations being accounted for separately.

Cash flows generated in discontinued operating activities for the March 31, 2012 were $393,232 (2011 – Nil). The increase of $393,232 in cash flow generated from discontinued operating activities is primarily attributable to generated net income of $218,629, in cash flow from items not involving cash of $3,789 and in cash flow from non-working capital adjustments of $170,814.

Investing activities

Cash flows generated in investing activities of continuing activities were $Nil for the three-month period ended March 31, 2012, compared to cash flows generated in investing activities of $1,105 for the three-month period ended March 31, 2011.

Cash flows used in investing activities of discontinued activities were $101 for the three-month period ended March 31, 2012 (2011 – Nil).

Cash flows generated in investing activities of continuing activities were $1,193,788 for the year ended March 31, 2012, compared to cash flows used of $28,099 in investing activities for the year ended March 31, 2011. The amount of $1,193,788 represents the proceeds from the sale of Car-Tel.

Cash flows used in investing activities of discontinued activities were $36,848 for the year ended March 31, 2012 (2011 – Nil). The cash flow used in investing activities of discontinued activities is mainly explained by generated cash flow in acquisition of $40,348 in equipment, offset by generated proceeds of disposition of equipment of $3,500.

Financing activities

Cash flows generated in financing activities of continuing activities were $68,153 for the three-month period ended March 31, 2012, compared to cash flows generated of $399,371 for the three-month period ended March 31, 2011. This decrease of $331,218 (82.93%) in generated financing activities is mainly explained by a decrease in repayment of short-term loans of $147,869 (101.09%), in a decrease in used bank indebtedness of 574,549 (94.75%), in a decrease in repayment of long-term debt of $203,525 and a decrease in proceeds from new long-term debt of $108,063.

Cash flows used in financing activities of discontinued activities were $205,475 for the three-month period ended March 31, 2012 (2011 –Nil). The decrease in Cash flows used in financing activities of discontinued activities is mainly explained by the increase in repayment of short-term loans of $116,580 and in repayment of long-term debt of $88,895.

Cash flows used in financing activities of continuing activities were $58,865 for the year ended March 31, 2012, compared to cash flows used of $395,010 for the year ended March 31, 2011. This decrease of $336,145 (85.10%) used in financing activities is mainly explained by a decrease in repayment of short-term loans of $175,420 (89.77%), in a decrease in generated bank indebtedness of $574,909, a decrease in repayment of loans payable of $225,000 (100.00%), in a decrease in redemption of common shares of $24,550 (100.00%), a decrease in redemption of preferred shares held by non-controlling interest of $112,500 (100.00%), a decrease in dividend paid of $85,200 (100.00%), a decrease in repayment of long-term debt of $452,299 (86.54%) and in a decrease in proceeds from new long-term loans of $163,915 (100.00%).

Cash flows used in financing activities of discontinued activities were $1,069,211 for the year ended March 31, 2012 (2011 –Nil). The increase in Cash flows used in financing activities of discontinued activities of $1,069,211 (100.00%) is mainly explained an increase in generated bank indebtedness of $239,807 of Car-Tel, offset by the repayment of long-term debt of $1,117,438, by the repayment of loans payable of $75,000 and by the repayment of short-term loans of $116,580.

Sale of business unit

During the year, the company entered into a share purchase agreement (the "Purchase Agreement") pursuant to sell all of the shares of its wholly-owned subsidiary Car-Tel Distributions Inc. The following balances were removed from the statement of financial position as a result of the sale:

Trade and other receivables	**1,493,185**
Inventories	**164,403**
Prepaid expenses	**30,799**
Property, plant and equipment	**394,686**
Trade and other payables	**2,673,649**
Provisions	**30,000**
Bank indebtedness	**836,731**
Loans payable	**100,000**
Long-term loans	**693,846**
Long-term loans	**318,252**
Share capital	**200**
	2,569,605

This transaction has been treated as a non-cash transaction on the statement of cash flows.

Balance of sale receivable

During the year, the company entered into an agreement to sell substantially all of its ATM business assets. The purchase price was held in trust by the lawyers to repay various debts owed by the Company as follows:

Purchase price	**1,800,000**
Reimbursement of long-term loans	**(445,261)**
Reimbursement of long-term loans	**(66,568)**
Reimbursement of short-term loans	**(891,580)**
Reimbursement of trade and other payables	**(344,824)**
Balance of sale	**51,767**

Consolidated statements of financial position

The total assets of the Company amounted to $2,352,144 as at March 31, 2012, compared to $6,603,527 as at March 31, 2011, representing a decrease of $4,251,383 (64.38%). This decrease is mainly explained by the increase in trade receivable from related parties of $8,088 (117.75%), in receivable from purchaser of the ATM business network of $51,767 (100.00%) and in property and equipment of $1,329,204 (52.40%), offset by a decrease in cash in circulation in automated teller machines of $119,280 (11.84%), in trade receivable of $1,641,869 (90.86%), in inventories of $1,009,823 (100.00%), in prepaid expenses of $32,495 (69.35%) and in deferred income tax of $178,567 (94.30%).

The Company’s current liabilities decreased by $6,513,884 (85.72%) as at March 31, 2012 to $1,085,426, compared to $7,599,310 as at March 31, 2011. The decrease of $6,513,884 in current liabilities is mainly explained by the decrease in bank indebtedness of $565,439 (93.25%), in short-term loans of $1,028,160 (63.54%), in trade payable and accrued liabilities of $3,646,130 (89.00%), in trade payable to related parties of $7,562 (66.47%), in provisions of $30,000 (100.00%), in income taxes payable of $25,384 (100.00%), in loans payable of $175,000 (100.00%) and in current portion of long-term debt of $1,036,209 (100.00%).

Long-term liabilities decreased to $Nil as at March 31, 2012, compared to $1,165,283 as at March 31, 2011. The decrease of $1,165,283 (100.00%) in long-term liabilities is explained by a decrease in long-term debt of $981,661 (100.00%) and in deferred income tax of $183,622 (100.00%).

The decrease of $2,017,870 (100.00%) in long-term debt is mainly explained by the decrease in obligations under capital leases of $573,856 (100.00%), in short-term loans of $89,392 (100.00%), in a loan from majority shareholder and Chief Executive Officer Georges Durst of $58,463 (100.00%), in loans to companies under common control of $903,798 (100.00%), in loan to a company under the control of a former director of $392,361 (100.00%).

Equity attributable to Shareholders’

Equity attributable to shareholders’ increased to ($3,282) as at as at March 31, 2012, from ($3,431,066) as at March 31, 2011, a year over year increase of $3,427,784 (99.90%).

Issued and outstanding share capital

As of July 30, 2012, the Company has a weighted average of 18,461,300 issued and outstanding voting participating common shares. In accordance with the Normal Course Issuer Bid, the Company has cancelled during the year 187,000 issued and outstanding shares in its share capital.

Furthermore, the Company had previously granted stock options under the Company's share compensation plan to the Company's officers, directors and employees. The number of exercisable stock options outstanding as of July 30, 2012 is 90,000, at a weighted average exercise price of $0.27.

The Company has two series of preferred shares and is authorized to issue an unlimited number of these shares.

As of July 30, 2012, the Company has not issued any preferred shares.

RELATED PARTY TRANSACTIONS

The Company has entered into the following transactions with related parties:

Company under common control

Until August 1, 2008, the Company leased POS machines from Saratoga Leasing Inc., a company owned by the Company's principal shareholder and Chief Executive Officer Georges Durst (leasing contracts were terminated as of July 31, 2008). As at December 15, 2011, the Company had loans payable to Saratoga Leasing Inc. in connection with the purchase from Saratoga Leasing Inc. of 1,271 POS machines. These loans were reimbursed in closing payments of the sale of Car-Tel on December 16, 2011. These loans generated accounts payable and accrued liabilities of $Nil (2011 - $5,943) and an interest expense and financing fee of $47,127 for the year ended March 31, 2012 (2011 - $85,232).

Companies with common directors

The Company leases office space to Saratoga Multi-Média Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the year ended March 31, 2012, the Company realized rental income of $11,239 (2011 - $9,971) from such lease, and, as at March 31, 2012, the Company had a related account receivable of $4,666 (2011 - $2,079).

The Company leases office space to Maison du Jazz Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the year ended March 31, 2012, the Company realized rental income of $10,686 (2011 - $9,480) from this lease, and, as at March 31, 2012, the

Company had a related account receivable of $10,291 (2011 - $4,790). Furthermore, the Company bought services from Maison du Jazz, resulting in accounts payable and accrued liabilities in the amount of $220 (2011 – $327) and the Company sold services from Maison du Jazz, resulting in trade receivable in the amount of $349 (2011 – $Nil)

As at March 31, 2012, the Company had loans payable to Saratoga Multi-Média Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst. These loans were reimbursed in closing payments of the sale of Car-Tel on December 16, 2011. These loans resulting in accounts payable and accrued liabilities in the amount of $Nil (2011 – $4,461), and an interest expense of $33,991 for the year ended March 31, 2012 (2011 - $53,532).

Directors

The Company received professional services from the law firm of Seal Seidman S.E.N.C., a firm of which Donald Seal, a director of the Company, is a partner, resulting in accounts payable and accrued liabilities in the amount of $3,594 as at March 31, 2012 (2011 – Nil), and professional fees in the amount of $49,989 (2011 – $45,694) for the year ended March 31, 2012.

The Company paid a special committee fee of $11,200 (2011 - $Nil) to board members for the year ended March 31, 2012, of which $5,000 to Martin Fontaine, $5,000 to Donald Seal and $1,200 to Alfredo Pérez, members of the Board of Directors, upon completion of the sale of Car-Tel and strategic review process.

The Company had loans payable to Don Seal, a director of the Company, as at March 31, 2011 (2012 of nil), resulting in an interest expense for the year ended March 31, 2012 of $Nil (2011 - $3,000).

The Company paid professional fees to 91040097 Québec Inc., a firm of which Martin Fontaine, a director of the Company, is an owner, in the amount of $Nil for the year ended March 31, 2012 (2011 – $27,000).

Compensation costs to key management personnel

During the three-month period ended March 31, 2012, the Company paid director's fees in the amount of $1,500 (2011 – $6,700). During the year ended March 31, 2012, the Company paid director's fees in the amount of $10,000 (2011 – $18,700).

The Company paid key management compensation in the amount of nil and $118,219 for the three-month period and year ended March 31, 2012 and $38,989 and $173,472 for the three-month period and year ended March 31, 2011 to Luc Charlebois, a former director of the Company and resulting in accounts payable and accrued liabilities in the amount of nil as at March 31, 2012 (2011 – $645), These compensations were associated with is role as president of Car-Tel.

The Company paid key management compensation in the amount of $10,512 and $35,512 for the three-month period and year ended March 31, 2012 and of $Nil and $227 for the three-month period and year ended March 31, 2011 to Georges Durst. These compensations were associated with is role as president and chief executive officer of the Company.

OUTLOOK

The Company's sold its prepaid business entity (Car-Tel) on December 15, 2011 and its ATM business network on March 31, 2012 as part of its strategic review process. The strategic review process will require further Board of Directors decisions for the future outcome of the Company. The Company is seeking the business market for a new opportunity of investment. There is no guarantee that the Company will find or enter in a new investment in the next year.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Change in Accounting Policies

Transition to IFRS

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS is April 1, 2010. The Company's IFRS accounting policies presented in note 3 have been applied in preparing the consolidated financial statements for the reporting year ended March 31, 2012, the comparative information and the opening consolidated statement of financial position at the date of transition.

The Company has applied IFRS 1 in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive income (loss) and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables. Upon transition, IFRS 1 dictates certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any differences in accounting principles, if applicable.

Optional exemptions

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS.
The Company has chosen not to apply IFRS 3, Business Combinations, retrospectively to past business combinations.

Reconciliation of equity

Certain presentation differences between pre-changeover accounting standards and IFRS have no impact on reported loss or total equity.
Equity at the date of transition and at April 1, 2010 and March 31, 2011 can be reconciled to the amounts reported under pre-changeover accounting standards as follows:

	Note		April 1, 2010 $	March 31, 2011 $
Equity under Canadian GAAP			(1,573,429)	(3,431,066)
Transitional adjustments:				
Non-controlling interest			1,382,500	1,270,000
Total equity under IFRS			(190,929)	(2,161,066)

Future Accounting Standards

The improvements to IFRS 2010 are the result of the International Accounting Standards Board's ("IASB") annual improvement project. This project has involved the IASB accumulating, throughout 2010, those improvements believed to be non-urgent, but necessary, and processing the amendments collectively. Effective dates, early adoption and transitional provisions are dealt with on a standard-by-standard basis with the majority of the amendments effective for the periods beginning on or after January 1, 2011, with early adoption permitted. The Company has adopted and reflected applicable amendments in its condensed consolidated financial statements.

The following new standards have been issued but are not yet applicable to the Company:

(i) IFRS 9 Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013 (extended tentatively to January 1, 2015), with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- Deals with classification and measurement of financial assets;
- Establishes two primary measurement categories for financial assets: amortized cost and fair value;
- Prescribes that classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset;
- Eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

The extent of the impact of adoption of this new standard has not been determined.

(ii) IFRS 10 Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it shall also apply IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time.

IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities.* IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate requirements for separate financial statements.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPE's in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008).

The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning January 1, 2013. The Company does not expect IFRS 10 to have a material impact on its financial statements.

(iii) IFRS 12 Disclosure of Interest in Other Entities:

In May 2011, the IASB issued IFRS 12 *Disclosure of Interest in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it need not apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time.

IFRS 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structure entities.

The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect the amendments to have a material impact on its financial statements, because of the nature of the Company's interest in other entities.

(iv) IFRS 13 Fair Value Measurement:

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurement and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains how to measure fair value when it is required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on April 1, 2013. The Company does not expect IFRS 13 to have a material impact on its financial statements.

(v) IAS 12 – Income Taxes:

IAS 12 was amended on December 20, 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

The Company is currently evaluating the impact of this amendment to its financial statements.

Use of estimates and judgement

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

- Trade and other receivables valuation - the recoverability of trade receivables;
- Inventories valuation - the provision for obsolescence of inventory;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Impairment – the assessment on events or changes in circumstances that indicate that carrying value of property and equipment, including intangible assets and goodwill, may not be recoverable and the inputs used in the valuation of cash-generating units that include goodwill; and
- Contingencies – the input used in determining the various contingencies.

Financial Instruments and other Instruments

Under IFRS, financial instruments are classified into one of the five categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available-for-sale financial assets and other liabilities. The carrying values of the Company’s financial instruments are classified into the following categories:

		March 31, 2012	March 31, 2011
		$	$

Loans and receivables	(1)	1,119,771	2,821,065
Other financial liabilities	(2)	1,085,426	8,555,587

(1) Includes cash, trade and other receivables, and trade receivables from related parties.
(2) Includes bank indebtedness, short-term loans, trade and other payables, trade payable to related parties, provisions and long-term loans.

All financial instruments carried at fair value are categorized in three categories, defined below:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3- Inputs that are not based on observable market data

As at March 31, 2012, the Company had no financial instruments that are measured at fair value.

During the year ended March 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset that subsequently resulted in a different classification of that asset.

The Company examines the various financial risks to which its operations are exposed. These risks may include credit risk, liquidity risk, currency risk and interest risk. Management reviews these risks on a periodic basis and when material, they are reviewed and monitored by the Board of Directors.

Fair Value

The carrying values of cash, trade and other receivables, trade receivables from related parties, bank indebtedness, short-term loans, trade and other payables, trade payables to related parties, and provisions approximate their fair values due to the short-term maturity of these instruments. Financial instruments also include receivables and payables from and to related parties. These balances are carried at exchange amount. It is impractical to determine to determine the fair value of due from related parties and due to related parties with sufficient reliability due to the nature of the financial instrument, the absence of a secondary market and the significant cost of obtaining external appraisals.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents held with banks as well as credit exposure on outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The Company manages credit risk from receivables by continuously monitoring the financial position of its customers and provides allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk arises through an excess of financial obligations over available financial assets due at any point of time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point of time. The Company had a positive working capital of $48,708 as of March 31, 2012. The maximum exposure to liquidity risk is equal to the carrying value of the financial liabilities. All financial liabilities are short-term in nature and are repayable within 12 months.

The following are the contractual maturities of financial liabilities as at March 31, 2012:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	$	$	$	$	$
Short-term loan	590,000	(590,000)	(590,000)	-	-
Trade and other payables	450,657	(450,657)	(450,657)	-	-
Total	1,040,657	(1,040,657)	(1,040,657)	-	-

The Company's strategy for liquidity risk management was driven by external requirements from one of its lenders. The cash flow of the Company is supported by revolving operating lines of credit in the aggregate amount of $2,000,000 bearing interest at the Company's bank's prime rate plus 1% per annum, of which $590,000 was used as at March 31, 2012. The line of credit is secured by a hypothec on the universality of all property and receivables of the Company in the amount of $1,000,000 and a personal guarantee for $1,000,000 from the majority shareholder of the Company.

Under this line of credit, the Company must meet certain commitments and financial ratios. The ratios and requirements are monitored on an ongoing basis by management and require a subsidiary of the Company (on a standalone basis) to meet the following requirements:

- a minimum debt coverage ratio of 1.25 to 1
- a maximum debt to equity ratio of 1.5 to 1
- refrain from redeeming any preferred shares without obtaining the consent of the lender

As at March 31, 2012, the Company has not met all of requirements. The annual account review is in progress and should be completed in the second quarter of fiscal year 2013.

While the Company continues to seek alternative financing arrangements, it is not possible to predict whether these efforts will be successful. Moreover, there is no guarantee that the amount available under the line of credit will be sufficient to support the future working capital needs of the Company, or that the Company would be able, if required, to gain access to additional working capital.

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Company's interest risk exposure is a function of changes in the prime rate.

The Company is exposed to interest rate risk on its bank loans and long-term debt, bearing variable rates of interest. The Company has not entered into financial instruments to hedge against this risk. A 1% increase in the interest rate would have a negative net income effect for the year ended March 31, 2012 of $5,900, based on amounts owed as at March 31, 2012.

Risk factors

New products and technology change risk

The Company operates in a competitive marketplace; there are no guarantees that the Company can maintain or expand its advantages.

New investment risk

If the Company decides to pursue new business investment opportunities, it may require additional capital which may entail the issuance of shares and the sale of debt and equity securities. However, there can be no assurance that the Company will be able to raise the required capital to pursue such business opportunities.

Economic conditions risk

The Company, at March 31, 2012 still owns the building in which its office is located; all office space not occupied by the company is rented to various tenants. The main tenant, Car-Tel, moved out in January 2012 and the armored car services tenant will move out by the second quarter of 2013, thus reducing the Company's rental income in future years.

The Company's rental income is subject to economic conditions in the Montreal area. Consequently, a downturn in economic conditions could reduce office rental demand for the Company's office rental space that it does not occupy and could have a material adverse effect on the Company's office rental revenues, financial position and operating results.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian IFRS.

TSX Venture Exchange-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX Venture Exchange-listed issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD-LOOKING STATEMENTS

This report release contains certain forward-looking statements concerning our future operations, economic performance and financial condition. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, uncertainties and assumptions. Consequently, all of the forward-looking statements in this report are qualified by these cautionary statements. We undertake no obligation and do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

This MD&A was prepared on July 30, 2012. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Georges A. Durst
Chief Executive Officer

(signed) Richard Vallée C.A., ICD.D
Chief Financial Officer