



SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine-month Period ended December 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 unaudited and unreviewed by the Company's auditors condensed consolidated interim financial statements and related notes thereto of the Company for the nine-month periods ended December 31, 2012 and 2011. The Company files its condensed consolidated interim financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its unaudited and unreviewed by the Company's independent auditor's condensed consolidated interim 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 condensed consolidated interim financial statements and MD&A of the Company in respect of the nine-month periods ended December 31, 2012 and 2011 were reviewed by the Audit Committee and approved by the Board of Directors of the Company on February 4, 2013.

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 December 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 is the same as those used to prepare the condensed consolidated interim 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.

The Company entered into a definitive share purchase agreement (the "Purchase Agreement") pursuant to sell substantially the assets of its wholly-owned subsidiary, Saratoga ATM Corporation Inc. ("Saratoga ATM") to Access Cash General Partnership ("Access Cash"). The closing of the transaction was held on April 5, 2012. The agreement included the purchase by Access Cash of the business name Saratoga ATM, prompting a change in name of the subsidiary from Saratoga ATM Corporation Inc. to 9261-5277 Québec Inc.

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.

Discontinued operations

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

Going concern

The condensed consolidated interim 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 condensed consolidated interim 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.

Quarterly results

Quarter	Revenues	Net earnings (loss)	Net earnings(loss) per share - basic and diluted
	\$	\$	\$
<i>Year ended March 31, 2013</i>			
Third Quarter	7,937	323,089	0.01750
Second Quarter	14,277	(556)	(0.00003)
First Quarter	14,278	(106,480)	(0.00577)
<i>Year ended March 31, 2012</i>			
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
<i>Year ended March 31, 2011</i>			
Fourth Quarter	11,405,385	(1,528,214)	(0.08256)

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 condensed consolidated interim financial statements for the nine-month periods ended December 31, 2012, 2011 and 2010.

	Three-month period			Nine-month period		
	December 31, 2012 (unaudited)	December 31, 2011 (unaudited)	December 31, 2010 (unaudited)	December 31, 2012 (unaudited)	December 31, 2011 (unaudited)	December 31, 2010 (unaudited)
	\$ (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	1,677,863	3,426,758	8,562,993	1,677,863	3,426,758	8,562,993
Bank loans	-	1,596,565	1,764,434	-	1,596,565	1,764,434
Loans payable	-	-	175,000	-	-	175,000
Long-term debt	-	566,012	2,078,619	-	566,012	2,078,619
Revenue	7,937	14,277	13,345,085	36,492	42,832	43,488,479
Operating income (loss) before finance expenses and income taxes	316,256	(549,039)	(146,077)	212,256	(672,002)	134,521
Net finance expense	347	20,177	100,809	3,383	68,398	307,943
Income (loss) before income taxes	315,909	(569,216)	(246,886)	208,873	(740,400)	(173,422)
Income (recovery) taxes expense	(7,180)	112,126	131,451	(7,180)	95,364	131,451
Net income (loss) from continuing activities	323,089	(681,342)	(378,337)	216,053	(835,764)	(304,873)
Net income (loss) from discontinued activities	-	(3,133)	-	-	313,819	-
Net profit (loss) and comprehensive income	323,089	(684,475)	(378,337)	216,053	(521,945)	(304,873)
Earnings (loss) per share basic and diluted	0.01750	(0.03708)	(0.02049)	0.01170	(0.02827)	(0.01651)
Weighted average number of common shares outstanding						
Basic and diluted	18,461,300	18,461,300	18,461,300	18,461,300	18,461,300	18,461,300

Results of operations

Revenues

Revenues based on continuing operating activities information for the three and Nine-month periods ended December 31, 2012 are \$7,937 and \$36,492 compared to the three and nine-month periods ended December 31, 2011 of \$14,277 and \$42,832 a year over year decrease for the three-month and nine-month periods ended December 31, 2012 of \$6,340.

Administrative expenses

Administrative expenses from continuing operating activities for the three-month period ended December 31, 2012 were \$79,771, compared to \$135,856 for the three-month period ended December 31, 2011. Administrative expenses decreased year-over-year by \$56,085 (41.28%). This year-over-year decrease of \$56,085 is explained by a decrease in closing expenses of the sale of the assets ATM business of \$2,076 (100.00%), in professional fees of \$33,960 (45.28%), in office salaries and benefits of \$9,799 (25.04%), in utilities of \$15,083 (105.62%), offset by an increase in taxes and licenses of \$4,390 (91.36%) and in other administration expenses of \$443 (0.33%).

Selling and administrative expenses from continuing operating activities for the nine-month period ended December 31, 2012 were \$339,824, compared to \$272,302 for the nine-month period ended December 31, 2011. Selling and administrative expenses increased year-over-year by \$67,522 (24.80%). This year-over-year increase of \$67,522 is explained by an increase in insurance expense of \$4,412 (66.04%), in closing expenses in the sale of the assets of the ATM of \$9,571 (100.00%), in professional fees of \$30,831 (20.63%), in office salaries and benefits of \$41,803 (80.37%), in taxes and licenses of \$4,662 (20.52%) and in other administration expenses of \$2,242 (3.32%), offset by a decrease and in utilities expense of \$25,999 (65.74%).

The increase in professional fees of \$30,831 (20.63%) is mainly explained by professional fees being partially distributed to discontinued operations for the nine-month period ended December 31, 2011, as the full expense is absorbed by the continued operations for the nine-month period ended December 31, 2012. The increase in office salaries and benefits of \$41,803 (80.37%) is mainly explained by the increase in salary of \$76,203 (100.00%) to M. Georges Durst, president and CEO and majority shareholder of the Company, offset by a decrease in director's fees of \$15,700 (79.70%), accounting fees of \$16,175 (73.15%) and in other benefits of \$2,525 (87.46%).

Depreciation of property, equipment

Depreciation of property, equipment from continuing operating activities for the three-month period ended December 31, 2012 decreased to \$9,601 from \$10,013 the three-month period ended December 31, 2011, representing a year-over-year decrease of \$412 (4.11%). The amount of \$9,601 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of \$9,189 (2011 - \$9,775) and of \$412 (2011 - \$238) in other fixed assets.

Depreciation of property, equipment from continuing operating activities for the nine-month period ended December 31, 2012 decreased to \$28,804 from \$30,924 the nine-month period ended December 31, 2011, representing a year-over-year decrease of \$2,120 (6.86%). The amount of \$28,804 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of \$27,567 (2011 - \$29,326) and of \$1,237 (2011 - \$1,598) in other fixed assets.

Depreciation of property, equipment reported from discontinued operations for the three and nine-month period ended December 31, 2012 was nil (2011 – Nil). Under discontinued operations policies, no depreciation of assets are accounted for.

Money remittance costs

Money remittance costs recovery from continuing operating activities of \$4,354 for the nine-month period ended December 31, 2012, compared to money remittance costs recovery of \$92,557 for the nine-month period ended December 31, 2011, representing a year-over-year decrease in costs recovery of \$88,203 (95.30%).

Strategic revision process costs

Strategic revision process costs recovery from continuing operating activities reported from continuing operations for the nine-month period ended December 31, 2012 of \$140,293, compared to \$221,653 strategic revision process costs in for the nine-month period ended December 31, 2011, representing a year-over-year costs decrease of \$361,946 (163.29%). The strategic revision costs for the completed sale of the assets of the ATM business were reduced by \$140,293 through negotiations with lawyers and finder's fee consultant.

Insurance claim

Insurance claim from continuing operating activities reported from continuing operations for the nine-month period ended December 31, 2012 of nil (2011 – \$34,995), representing a year-over-year decrease of \$34,995 (100.00%). The insurance claim received is due to a spring flooding in April 2011.

Forgiveness of debt

Forgiveness of debt in continuing operating activities reported from continuing operations for the nine-month period ended December 31, 2012 of nil (2011 – \$165,180), representing a year-over-year decrease of \$165,180 (100.00%). The forgiveness of debt is pursuant to sell all of the shares of its wholly-owned subsidiary Car-Tel Distributions Inc. The closing of the transaction was held on December 16, 2011.

Loss on disposition of business unit

Loss on disposition of business unit in continuing operating activities reported from continuing operations for the nine-month period ended December 31, 2012 of nil (2011 – \$482,687), representing a year-over-year decrease of \$482,687 (100.00%). The loss on disposition of business unit is pursuant to sell all of the shares of its wholly-owned subsidiary Car-Tel Distributions Inc. The closing of the transaction was held on December 16, 2011.

Recovery of sales taxes

Recovery of sales taxes in continuing operating activities reported from continuing operations for the nine-month period ended December 31, 2012 of \$399,745 (2011 – Nil), representing a year-over-year increase of \$399,745 (100.00%). The recovery of sales taxes is pursuant previous year's expenses.

Finance costs

Finance costs from continuing operating activities for the three-month period ended December 31, 2012 decreased to \$347 from \$20,177 for the three-month period ended December 31, 2011, representing a year-over-year decrease of \$19,830 (98.28%).

Finance costs from continuing operating activities for the nine-month period ended December 31, 2012 decreased to \$3,383 from \$68,398 for the nine-month period ended December 31, 2011, representing a year-over-year decrease of \$65,015 (95.05%).

Operating income before income taxes

The operating income from continuing operating activities before income taxes of \$315,909 for the three-month period ended December 31, 2012, compared to a loss of \$569,216 for the three-month period ended December 31, 2011, representing a year-over-year increase in operating income of \$885,125 (155.50%).

The operating income from continuing operating activities before income taxes of \$208,873 for the nine-month period ended December 31, 2012, compared to a loss of \$740,400 for the nine-month period ended December 31, 2011, representing a year-over-year increase in operating income of \$949,273 (128.21%).

Income taxes

Income taxes recovery reported from continuing operations of \$7,180 for the nine-month period ended December 31, 2012, compared to income taxes expense of \$95,364 for the nine-month period ended December 31, 2011, representing a year-over-year decrease in income tax expense of \$102,544 (107.53%).

Net income from assets of discontinued activities

Loss from discontinued operations for the three-month period ended December 31, 2012 was nil, compared to \$3,133 for the three-month period ended December 31, 2011. This year over year decrease in net loss of \$3,133 (100.00%) is mainly explained by the net decrease loss of \$70,204 (100.00%) for Car-Tel and by the net decrease income of \$67,071 (100.00%) for Saratoga ATM.

Net income from discontinued operations for the nine-month period ended December 31, 2012 was nil, compared to \$313,819 for the nine-month period ended December 31, 2011. This year over year decrease in net income of \$313,819 (100.00%) is mainly explained by the net income decrease of \$71,998 (100.00%) for Car-Tel and of \$241,821 (100.00%) for Saratoga ATM.

Net income (loss) and comprehensive income

The Company realized a net income for the three-month period ended December 31, 2012 of \$323,089, compared to a net loss for the three-month period ended December 31, 2011 of \$684,475, representing an increase in net income of \$1,007,564 (147.20%).

The Company realized a net income for the nine-month period ended December 31, 2012 of \$216,053, compared to a net loss for the nine-month period ended December 31, 2011 of \$521,945, representing an increase in net income of \$737,998 (141.39%).

Income per share

The income per share - basic and diluted for the three-month period ended December 31, 2012 was \$0.01750, compared to a loss per share - basic and diluted for the three-month period ended December 31, 2011 of \$0.03708, respectively, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at December 31, 2012 and December 31, 2011.

The income per share - basic and diluted for the nine-month period ended December 31, 2012 was \$0.01170, compared to a loss per share - basic and diluted for the nine-month period ended December 31, 2011 of \$0.02814, respectively, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at December 31, 2012 and December 31, 2011.

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 condensed consolidated interim financial statements for the three and nine-month periods ended December 31, 2012 and 2011.

	For the three-month period ended		For the nine-month period ended	
	December 31, 2012 (unaudited)	December 31, 2011 (unaudited)	December 31, 2012 (unaudited)	December 31, 2011 (unaudited)
			\$	\$
Cash flow (used in) from operating activities of continuing operations	297,402	(411,895)	187,736	(530,298)

Cash flow (used in) from operating activities of discontinued operations	-	359,004	-	318,293
Cash flow from (used in) investing from continuing activities	-	1,193,788	-	1,193,788
Cash flow from (used in) investing discontinued activities	-	-	-	(36,747)
Cash flow (used in) from financing continuing activities	-	168,381	(630,955)	(126,658)
Cash flow (used in) from financing discontinued activities	-	(1,182,882)	-	(266,812)
Net increase (decrease) in cash and cash equivalents	297,402	126,396	(443,219)	551,566

Operating activities

Cash flows generated in continuing operating activities were \$297,402 for the three-month period ended December 31, 2012, compared to cash flows used of \$411,895 for the three-month period ended December 31, 2011. The increase of \$709,297 (172.20%) in cash flows generated from operating activities is primarily attributable to an increase generated income of \$1,004,431 (147.42%), a decrease in generated cash flow from items not involving cash of \$395,515 (97.63%) and a decrease in used non-cash working capital items of \$100,381 (73.99%).

Cash flows generated in discontinued operating activities for the three-month period ended December 31, 2012 were nil (2011 – 359,004). The decrease of \$359,004 (100.00%) in cash flows generated from discontinued operating activities is primarily attributable to the sale of Car-Tel as of December 15, 2011 and the sale of the ATM assets as of March 31, 2012.

Cash flows generated in continuing operating activities were \$187,736 for the nine-month period ended December 31, 2012, compared to cash flows used of \$530,298 for the nine-month period ended December 31, 2011. The increase of \$718,034 (135.40%) in cash flows generated from operating activities is primarily attributable to an increase in income of \$1,051,817 (125.85%), a decrease in generated cash flow from items not involving cash of \$373,259 (92.84%) and a decrease in used non-cash working capital items of \$39,476 (40.87%).

Cash flows generated in discontinued operating activities for the nine-month period ended December 31, 2012 were nil (2011 – 318,293). The decrease of \$318,293 (100.00%) in cash flows generated from discontinued operating activities is primarily attributable to the sale of Car-Tel as of December 15, 2011 and the sale of the ATM assets as of March 31, 2012.

Investing activities

Cash flows generated in investing activities of continuing activities were nil for the three and nine-month periods ended December 31, 2012 and of \$1,193,788 for the nine-month periods ended December 31, 2011. The decrease of \$1,193,788 represents the proceeds of the sale of Car-Tel as of December 15, 2011.

Cash flows used in investing activities of discontinued activities were nil for the three-month period ended December 31, 2012 and 2011. Cash flows used in investing activities of discontinued activities were nil for the nine-month period ended December 31, 2012 (2011 – 36,747.) The decreases in cash flows used from discontinued operating activities are primarily attributable to the sale of Car-Tel as of December 15, 2011 and the sale of the ATM assets as of March 31, 2012.

Financing activities

Cash flows generated in financing activities of continuing activities were nil for the three-month period ended December 31, 2012, compared to \$168,381 for the three-month period ended December 31, 2011. This decrease of \$168,301 in generated financing activities is mainly explained by a decrease in new of long-term debt of \$48,361 (100.00%), in a decrease in new bank indebtedness of \$120,020 (100.00%).

Cash flows used in financing activities of discontinued activities were nil for the three-month period ended December 31, 2012 (2011 – \$1,182,882). The decrease of \$1,182,882 (100.00%) in cash flows used from discontinued operating activities is primarily attributable to the sale of Car-Tel as of December 15, 2011 and the sale of the ATM assets as of March 31, 2012.

Cash flows used in financing activities of continuing activities were \$630,955 for the nine-month period ended December 31, 2012, compared to cash flows used of \$126,658 for the nine-month period ended December 31, 2011. This increase of \$504,297 in used financing activities is mainly explained by a decrease in repayment of long-term debt of \$105,063 (100.00%), in a decrease in bank indebtedness of \$40,955 (100.00%) and in short-term loans of \$568,405 (100.00%).

Cash flows used in financing activities of discontinued activities were nil for the nine-month period ended December 31, 2012 (2011 – \$266,812). The decrease of \$266,812 (100.00%) in cash flows used from discontinued operating activities is primarily attributable to the sale of Car-Tel as of December 15, 2011 and the sale of the ATM assets as of March 31, 2012.

Consolidated statements of financial position

The total assets of the Company amounted to \$1,677,863 as at December 31, 2012, compared to \$2,352,144 as at March 31, 2012, representing a decrease of \$674,281 (28.67%). This decrease is mainly explained by the increase in cash of \$444,761 (100.00%), in trade receivable from related parties of \$16,094 (107.60%), offset by a decrease in cash in circulation in automated teller machines of \$887,980 (100.00%), in trade receivable of \$162,707 (98.57%), in receivable from purchaser of the ATM business network of \$51,767 (100.00%), in prepaid expenses of \$3,878 (27.00%) and in property and equipment of \$28,804 (2.39%).

The decrease in cash in circulation in automated teller machines of \$887,980 (100.00%) is explained by the sale of the ATM assets as of March 31, 2012. The cash in circulation in automated teller machines was unloaded by the Company's transport service provider over a period of two weeks following the closing of the transaction on April 5, 2012. The unloading of the cash in circulation in automated teller machines was used for the reimbursement of the bank indebtedness and short-term loans.

The Company's current liabilities decreased by \$890,334 (82.03%) as at December 31, 2012 to \$195,092, compared to \$1,085,426 as at March 31, 2012. The decrease of \$890,334 in current liabilities is mainly explained by the decrease in bank indebtedness of \$40,955 (100.00%), in short-term loans of \$590,000 (100.00%), in trade payable and accrued liabilities of \$258,579 (57.38%), in trade payable to related parties of \$800 (20.98%).

Equity attributable to Shareholders'

Equity attributable to shareholders' increased to \$212,771 as at December 31, 2012, from an equity deficiency of \$3,282 as at March 31, 2012, a nine-month period increase in equity attributable to shareholders' of \$216,053 (6,582.97%).

Issued and outstanding share capital

As of February 4, 2013, the Company has a weighted average of 18,461,300 issued and outstanding voting participating common shares.

Furthermore, the Company had previously granted stock options under the Company's share compensation plan to the Company's officers, directors and employees. There are no exercisable stock options outstanding as of February 4, 2013.

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

As of February 4, 2013, 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 an interest expense and financing fee of nil for the nine-month period ended December 31, 2012 (2011 - \$47,127).

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 nine-month period ended December 31, 2012, the Company realized rental income of \$7,332 (2011 - \$7,332) from such lease, and, as at December 31, 2012, the Company had a related account receivable of \$13,095 (2011 - \$3,712).

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 nine-month period ended December 31, 2012, the Company realized rental income of \$6,970 (2011 - \$6,969) from this lease, and, as at December 31, 2012, the Company had a related account receivable of \$17,956 (2011 - \$7,270). Furthermore, the Company bought services from Maison du Jazz, resulting in accounts payable and accrued liabilities as at December 31, 2012 in the amount of \$546 (2011 - Nil).

As at December 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 an interest expense of nil for the nine-month period ended December 31, 2012 (2011 - \$33,991).

As at December 31, 2012, maintenance to the Company's building was performed by Paramount Decor Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst. This maintenance resulting in a utilities expense of \$4,963 for the nine-month period ended December 31, 2012 (2011 - Nil).

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 \$898 as at December 31, 2012 (2011 – \$3,114), and professional fees in the amount of \$18,000 (2011 – \$44,200) for the nine-month period ended December 31, 2012.

The Company's Board of Directors committee members receive fees per meeting of which Martin Fontaine, a director of the Company, resulting in accounts payable and accrued liabilities in the amount of \$500 as at December 31, 2012 (2011 – \$5,000).

The Company's Board of Directors committee members receive fees per meeting of which Donald Seal, a director of the Company, resulting in accounts payable and accrued liabilities in the amount of \$500 as at December 31, 2012 (2011 – Nil).

Compensation costs to key management personnel

During the three-month period ended December 31, 2012, the Company paid director's fees in the amount of \$1,500 (2011 – \$11,700) and during the nine-month period ended December 31, 2012, the Company paid director's fees in the amount of \$4,000 (2011 – \$19,700).

The Company paid key management compensation in the amount of nil for the three-month period ended December 31, 2012 (2011 - \$34,931) and the amount of nil for the nine-month period ended December 31, 2012 (2011 - \$118,219) to Luc Charlebois, a former director of the Company. These compensations were associated with his role as president of Car-Tel.

The Company paid key management compensation in the amount of \$27,839 for the nine-month period ended December 31, 2012 (2011 - Nil) and \$83,517 for the nine-month period ended December 31, 2012 (2011 - Nil) to Georges Durst. These compensations were associated with his role as president and chief executive officer of the Company. Furthermore, an expense for services resulting in accounts payable and accrued liabilities as at December 31, 2012 in the amount of \$570 (2011 – \$Nil).

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.

Basis of presentation

The carrying amounts of assets, liabilities, revenues and expenses presented in the 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.

Statement of compliance

The condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS34.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the company and the notes thereto. The condensed consolidated interim financial statements have not been subject of a review or an audit by the company's auditors and have been approved by the Board of directors on February 4, 2013.

Change in Accounting Policies

Transition to IFRS

These condensed consolidated interim financial statements have been 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 condensed consolidated interim financial statements for the reporting nine-month period ended December 31, 2012 and for the comparative information.

There were no changes in accounting policies during the third quarter of fiscal 2013.

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 for fiscal 2013, have not been applied in preparing the condensed consolidated interim financial statements at December 31, 2012.

- (i) IFRS 9 Financial Instruments
- (ii) IFRS 10 Consolidated Financial Statements
- (iii) IFRS 12 Disclosure of Interest in Other Entities
- (iv) IFRS 13 Fair Value Measurement
- (v) IAS 12 – Income Taxes

The Company is currently evaluating the impact of these amendments to its financial statements. More information on the future accounting changes is available in note 3 of the consolidated financial statements at March 31, 2012.

Use of estimates and judgement

The preparation of condensed consolidated interim 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;
- 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 may not be recoverable; 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:

		December 31, 2012	December 31, 2011
		\$	\$
Loans and receivables	(1)	478,172	1,106,643
Other financial liabilities	(2)	195,092	2,479,899

(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.

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

During the nine-month period ended December 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 \$293,565 as of December 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 December 31, 2012:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	\$	\$	\$	\$	\$
Trade and other payables	195,092	(195,092)	(195,092)	-	-
Total	195,092	(195,092)	(195,092)	-	-

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 nil was used as at December 31, 2012 and \$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 December 31, 2012 the Company has reimbursed all of its revolving operating lines of credit.

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 of working capital available 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.

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 December 31, 2012 owns the building in which its office is located; all office space not occupied by the company is rented to various tenants. 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 February 4, 2013. 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