Consolidated Financial Statements of

SARATOGA ELECTRONIC SOLUTIONS INC.

March 31, 2013 and 2012

SARATOGA ELECTRONIC SOLUTIONS INC.
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Saratoga Electronic Solutions Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussions and Analysis (MD&A) is consistent with the year end audited consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors ("Board") and Audit Committee ("Committee") are composed of some Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and with the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP SENCRL, srl, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with, both the Committee and management to discuss their audit findings.

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

Independent Auditors' Report

To the Shareholders of Saratoga Electronic Solutions Inc.:

We have audited the accompanying consolidated financial statements of Saratoga Electronic Solutions Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saratoga Electronic Solutions Inc. and its subsidiaries as at March 31, 2013 and March 31, 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group has incurred a net loss from continuing operations of $147,058 during the year and has an accumulated deficit of $1,834,781. These conditions along with other matters as set forth in Note 2 indicate the existence of a material uncertainty relating to the events and conditions that may cast significant doubt on Saratoga Electronic Solutions Inc. and its subsidiaries' ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Without qualifying our opinion, we draw attention to Note 25 in the consolidated financial statements which explains that certain comparative information previously reported in the Group's consolidated financial statements as at and for the year ended March 31, 2012 have been restated.

MNP SENCRL, srl [1]

Montréal, Québec
July 22, 2013

[1] CPA auditor, CA permit No. A113534

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SARATOGA ELECTRONIC SOLUTIONS INC.
Consolidated Statements of Financial Position

As at	**Note**	March 31, 2013	March 31, 2012
		$	$
ASSETS			
Current assets:			
Cash		**144,028**	887,980
Trade and other receivables	*6, 24 (a)*	**8,347**	165,067
Trade receivables from related parties	*23*	**36,533**	14,957
Funds held in trust	*5*	**-**	51,767
Prepaid expenses		**14,496**	14,363
Loan receivable from a private company	*7*	**50,000**	-
		253,404	1,134,134
Non-current assets			
Property, plant and equipment	*8*	**1,168,804**	1,207,210
Deferred tax assets	*15(c)*	**-**	10,800
Total assets		**1,422,208**	2,352,144

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 22, 2013:

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Financial Position

As at	Note	March 31, 2013	March 31, 2012
		$	$
LIABILITIES			
Current liabilities			
Bank indebtedness		**-**	40,955
Short-term loans	*10, 24 (b)*	**-**	590,000
Trade and other payables	*9*	**86,506**	450,657
Trade payables to related parties	*23*	**5,864**	3,814
Income taxes payable		**43,166**	-
		135,536	1,085,426
Shareholders' equity			
Common shares	*17*	**1,793,803**	1,793,803
Contributed surplus		**182,650**	182,650
Deficit		**(1,834,781)**	(1,979,735)
Equity (deficiency) attributable to shareholders'		**141,672**	(3,282)
Non-controlling interest	*11*	**1,145,000**	1,270,000
Total equity		**1,286,672**	1,266,718
Total equity and liabilities		**1,422,208**	2,352,144

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 22, 2013:

(Signed) **"GEORGES A. DURST"** Director

(Signed) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Consolidated Statements of Comprehensive Income
For the Years Ended

	Note	March 31, 2013	March 31, 2012 *(Restated Note 25)*
		$	$
Revenues		**42,259**	59,474
Expenses			
Selling and administrative	*13*	**341,824**	448,662
Depreciation of property, plant and equipment	*8*	**38,406**	41,232
Strategic revision process costs (recovery)		**(129,873)**	422,092
Insurance claim		**-**	(84,735)
Money remittance, net		**(3,861)**	(91,263)
		246,496	735,988
Loss before net finance costs and income taxes		**(204,237)**	(676,514)
Finance expense		**3,492**	61,507
Loss before income taxes and income from discontinued operations		**(207,729)**	(738,021)
Income tax expense (recovery):			
Current taxes	*15 (a)*	**(71,471)**	(124,763)
Deferred taxes	*15 (a)*	**10,800**	(5,055)
Loss from continuing operations		**(147,058)**	(608,203)
Income from discontinued operations	*16 (c)*	**292,012**	4,035,987
Total comprehensive income for the year		**144,954**	3,427,784
Loss per share from continuing operations (Note 19):			
Basic		**(0.00797)**	(0.03294)
Diluted		**(0.00797)**	(0.03278)
Earnings per share for the year (Note 19):			
Basic		**0.00785**	0.18567
Diluted		**0.00785**	0.18477
Weighted average number of common shares (Note 19)			
Basic		**18,461,300**	18,461,300
Diluted		**18,461,300**	18,551,300

The accompanying notes form an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Changes in Equity

For the Years Ended March 31, 2013 and 2012

	Share capital					
	Number	Amount	Contributed surplus	Deficit	Non-controlling interest	Total equity
	#	$	S	$	$	$
Balance at March 31, 2011	18,461,300	1,787,423	182,650	(5,401,139)	1,270,000	(2,161,066)
Cancellation of treasury common shares (Note 17)	-	6,380	-	(6,380)	-	-
Total comprehensive income	-	-	-	3,427,784	-	3,427,784
Balance at March 31, 2012	18,461,300	1,793,803	182,650	(1,979,735)	1,270,000	1,266,718
Redemption of preferred shares held by non-controlling interest (Note 11)					**(125,000)**	**(125,000)**
Total comprehensive income	**-**	**-**	**-**	**144,954**	**-**	**144,954**
Balance at March 31, 2013	**18,461,300**	**1,793,803**	**182,650**	**(1,834,781)**	**1,145,000**	**1,286,672**

The accompanying notes from an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Cash Flows

For the Years Ended,

	Note	**March 31, 2013**	March 31, 2012 *(Restated Note 25)*
		$	$
Cash flows (used in) from operating activities			
Loss from continuing operations		**(147,058)**	(608,203)
Items not involving cash:			
Depreciation of property, plant and equipment	*8*	**38,406**	41,232
Deferred tax expense	*15 (a)*	**10,800**	(5,055)
		(97,852)	(572,026)
Changes in non-cash working capital			
Trade and other receivables		**156,720**	(101,597)
Trade receivables from related parties		**(21,576)**	(8,088)
Funds held in trust		**51,767**	**-**
Prepaid expenses		**(133)**	668
Trade and other payables		**(364,151)**	291,670
Trade payables to related parties		**2,050**	(974)
Income taxes payable		**43,166**	(25,384)
Cash flows used in operating activities of continuing operations		**(230,009)**	(415,731)
Cash flows from operating activities of discontinued operations	*20*	**292,012**	267,587
Cash flows from (used in) investing activities			
Loan receivable from a private company		**(50,000)**	-
Proceeds from disposition of business unit		-	1,193,788
Cash flows from (used in) investing activities of continuing operations		**(50,000)**	1,193,788
Cash flows used in investing activities of discontinued operations	*20*	-	(36,848)

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Cash Flows

For the Years Ended,

	Note	**March 31, 2013**	March 31, 2012 *(Restated Note 25)*
Cash flows used in financing activities			
Decrease in short-term loans		**(590,000)**	(20,000)
Increase (decrease) in bank indebtedness		**(40,955)**	31,485
Redemption of preferred shares held by non-controlling interest		**(125,000)**	-
Repayment of long-term loans		**-**	(70,350)
Cash flows used in financing activities of continuing operations		**(755,955)**	(58,865)
Cash flows used in financing activities of discontinued operations	*20*	**-**	(1,069,211)
Net decrease in cash		**(743,952)**	(119,280)
Cash - beginning of year		**887,980**	1,007,260
Cash - end of year		**144,028**	887,980
Supplemental information			
Interest paid in cash		**85,310**	265,627
Income taxes paid (recovered) in cash		**(7,180)**	26,266
Items not affecting cash:			
Addition of assets under capital lease		-	100

The accompanying notes form an integral part of the consolidated financial statements.

1. Reporting entity

Saratoga Electronic Solutions Inc. (the "Company") is a publicly traded corporation and is incorporated and domiciled in Canada. The consolidated financial statements of the Company as at and for the years ended March 31, 2013 and March 31, 2012 comprise the Company and its subsidiary 9261-5277 Québec Inc., (formally Corporation Saratoga ATM Inc.) and its former subsidiary Distributions Car-Tel Inc. (together referred to as the ‘‘Group’’ and individually as ‘‘Group entities’’). The Group specialized in two distinct industries, namely the operation of a network of automated teller machines ("ATM's") throughout eastern Canada and wholesale distribution of prepaid cards, point-of-sale activated prepaid phone PINs (P.O.S.A.) and prepaid debit cards. The distribution network was comprised of freestanding intelligent machines, P.O.S.A. terminals and traditional merchants.

The Company entered into a definitive share purchase agreement to sell all of the shares of its wholly-owned subsidiary Distributions Car-Tel 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 (Note 16).

The Company's wholly-owned subsidiary 9261-5277 Québec Inc. ("Québec Inc."), through which it conducts its automated teller machine ("ATM") business, entered into a definitive purchase agreement to sell all of the ATM assets to Access Cash General Partnership ("Access Cash"). The closing of the transaction was held on April 5, 2012 (Note 16).

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

2. Going concern

These consolidated financial statements have been prepared on the going concern basis, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Group has incurred substantial recurring losses to date and has an accumulated deficit of $1,834,781 at March 31, 2013. In addition, the Group has sold all its operating business as explained in Note 1.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

2. Going concern (cont'd.)

The Group's ability to continue as a going concern is dependent upon its ability to raise additional capital find new investing opportunities. There is no assurance that the Group will be able to materialize its plan.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Group be unable to achieve its plan to find new investing opportunities given that the majority shareholder of the Company has attested to provide all funding necessary for the Company to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

3. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency.

Critical accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other

3. Basis of presentation (cont'd.)

factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of (a) its fair value less costs to sell and (b) its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Group reviews the adequacy of these provisions at the end of the reporting year. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the year in which such determination is made.

Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the years over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

3. Basis of presentation (cont'd.)

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Share-based payments transaction

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Going concern

The determination of the Group's ability to raise future funds necessary to carry on operations requires judgement. Further information regarding going concern is outlined in Note 2.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

A. Basis of consolidation

The Company's consolidated financial statements represent those of the parent company and its subsidiaries, as disclosed in Note 1, as at March 31, 2013 and March 31, 2012.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

B. Revenue recognition

Revenues from the ATM group entity were derived from a fee-based transaction model as well as a percentage of the amount of money passing through the ATM network on a daily basis. Revenues were recognized once the day’s transactions are settled, and collection is reasonably assured.

Revenues from the sale of cellular prepaid cards, PINs and debit cards (Car-Tel group entity) were recognized on a gross basis, net of trade discounts and allowances, when the Group determined that it was the primary obligor to its customer, the retail merchant, and incurred inventory risk. Revenues for PINs were recognized when the PIN were transferred by the Group’s platform to the merchants' terminal and subsequently sold to the end user. Revenues from the sale of prepaid Bell long distance cards, gift cards and debit cards were recognized when the product was sold to the end user.

In cases where the Group had determined that it was not the primary obligor, such as where the Group earned commissions on products or services sold and did not incur inventory risk, revenue was recognized at the date of sale as the Group’s continued obligation effectively ended on that date. Accordingly, these sales were recorded on a net revenue basis.

Cash discounts and volume rebates granted to customers in the prepaid product group entity were accrued when earned and are recorded as a reduction of sales.

Rental income is recognized on an accrual basis.

4. Significant accounting policies (cont'd.)

C. Finance income and finance cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in income or loss, using the effective interest method.

Finance costs comprise interest expense on borrowing from credit facilities, stamping fees, facility fees, accruals of differences between amounts advanced and the principal repayable, distributions on exchangeable partnerships units classified as liabilities and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income or loss using the effective interest method.

D. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and cash in circulation in ATM machines.

E. Financial instruments

Non-derivative financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through income or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are measured at fair value and are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Financial assets at fair value through profit or loss

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognized in income or loss. Assets in this category include loan receivable from a private company.

4. Significant accounting policies (cont'd.)

Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest recognized on an effective yield basis. Assets in this category include cash, trade and other receivables, trade receivables from related parties and funds held in trust.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include bank indebtedness, short-term loans, trade and other payables and trade payables to related parties.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes options model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares.

F. Property, Plant and Equipment

Initial recognition and measurement

Property, plant and equipment are measured at costs less accumulated depreciation and accumulated impairment losses.

The cost of equipment includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

4. Significant accounting policies (cont'd.)

Subsequent measurement

The cost of replacing part of an item of equipment is recognized as part of the carrying amount of such item, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in the statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value and is provided on a declining balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparatives years are as follows:

ATM equipment	20%
POS terminal equipment	10% to 30%
Building	6%
Computer hardware and software	30%
Furniture and fixtures	20%
Rolling stock	30%

The residual values, useful lives and methods of depreciation are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item.

G. Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had negative effect on the estimated future cash flows of that asset that can be estimated reliably.

4. Significant accounting policies (cont'd.)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective rate. Losses are recognized in income or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The Company's non-financial assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell ad value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

4. Significant accounting policies (cont'd.)

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

H. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the expense relating to any provision is presented in the consolidated statement of comprehensive income net of the reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statements of comprehensive income

I. Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the

4. Significant accounting policies (cont'd.)

same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized.

J. Earnings per share

The Group presents basic earnings per share ''EPS'' data for its common shares. Basic EPS are computed by dividing income or loss by the weighted average number of ordinary shares outstanding during the year. Diluted EPS are computed similarly to basic earnings per share, except that the weighted average shares outstanding are increased to include shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the year.

K. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

L. Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Group to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Group conducts its business in three operating segments being ATM machines, prepaid products and corporate items. During the year ended March 31, 2013, only one segment existed relating to corporate items.

4. Significant accounting policies (cont'd.)

M. Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees, directors and consultants as consideration for equity instruments of the Company.

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

N. Fair Value Hierarchy

The Group classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7 – Financial Instruments: Disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

4. Significant accounting policies (cont'd.)

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

O. New standards and interpretations not yet adopted

The following standards which are relevant but have not been adopted within these consolidated financial statements and may or may not have an effect on the Group's s future consolidated financial statements:

- IAS 1 was amended to require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met.

- IFRS 9: Financial Instruments: Classification and Measurement (Effective for periods beginning on or after January 1, 2015) introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, recognition of financial instruments, impairment and hedge accounting.

- IFRS 10: Consolidated Financial Statements which replaces SIC-12, Consolidation - Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements (Effective for periods beginning on or after January 1, 2013) requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

  IFRS 12: Disclosure of Interest in Other Entities (Effective for periods beginning on or after January 1, 2013) establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

4. Significant accounting policies (cont'd.)

- IFRS 13: Fair Value Measurement (Effective for periods beginning on or after January 1, 2013). The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under exiting IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

- IAS 27: Separate Financial Statements (Effective for periods beginning on or after January 1, 2013). This standard has been revised to address the accounting and disclosure requirements for "separate financial statements". Separate financial statements are prepared by a parent company or an investor in a joint venture or an associate when a reporting entity elects or is required by local regulations to present separate, non-consolidated financial statements.

- IAS 32: Financial Instruments Offsetting Financial Assets and Financial Liabilities (Effective for periods beginning on or after January 1, 2014). This standard clarifies certain items regarding offsetting financial assets and financial liabilities.

The Group has not yet assessed the impact of these standards on its consolidated financial statements or determined whether they will adopt the standards early.

5. Funds held in trust

During the year ended March 31, 2012, the Company entered into an agreement to sell substantially all of its ATM business assets as described further in (Note 16 (b)). The purchase price was held in trust by the lawyers to repay various debts owed by the Company as follows:

5. Funds held in trust (cont'd.)

	March 31, 2012
	$
Purchase price	1,800,000
Repayment of long-term loans	(445,261)
Repayment of long-term loans	(66,568)
Repayment of short-term loans	(891,580)
Repayment of trade and other payables	(344,824)
	51,767

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

This balance of $51,767 outstanding as at March 31, 2012 has been received by the Company during the year ended March 31, 2013.

6. Trade and other receivables

	March 31, 2013	March 31, 2012
	$	$
Trade receivables	**2,360**	28,656
Sales taxes receivable	**5,987**	136,411
Total trade and other receivables	**8,347**	165,067

Aging analysis	**March 31, 2013**	March 31, 2012
	$	$
Current	**306**	115,462
30 – 90 days	**101**	48,444
Over 90 days	**7,940**	1,161
Total trade and other receivables	**8,347**	165,067

No amounts are impaired at March 31, 2013 and March 31, 2012.

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7. Loan receivable from a private company

	March 31, 2013	March 31, 2012
	$	$
Loan receivable from a private company, unsecured, bearing interest at 12% per annum, due on January 25, 2014. At the option of the Company, this loan may be converted, at any time during the term, to an equity position in the borrower equivalent to 10% of the outstanding equity.	50,000	-

8. Property, plant and equipment

	Land	**Building**	**Automated teller machines**	**Scanners and other equipment**	**Furniture and computer equipment**	**Rolling stock**	**Assets under capital leases**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cost								
At March 31, 2011	585,300	834,700	1,215,887	1,216,283	222,545	18,219	706,420	4,799,354
Additions	-	-	24,413	9,000	-	6,835	100	40,348
Disposal	-	-	(2,441)	(14,700)	-	-	-	(17,141)
Disposition of business unit	-	-	-	(1,210,583)	(113,999)	(20,054)	-	(1,344,636)
Disposition of ATM business unit network	-	-	(1,237,859)	-	(80,847)	(5,000)	(706,520)	(2,030,226)
At March 31, 2013 and March 31, 2012	**585,300**	**834,700**	**-**	**-**	**27,699**	**-**	**-**	**1,447,699**
Accumulated Depreciation								
At March 31, 2011	-	183,009	862,616	865,325	159,731	12,213	180,046	2,262,940
Depreciation expense	-	39,102	-	-	2,130	-	-	41,232
Disposals	-	-	(54)	(9,768)	-	-	-	(9,822)
Disposition of business unit	-	-	-	(855,557)	(86,707)	(7,713)	-	(949,977)
Disposition of ATM business unit network	-	-	(862,562)	-	(56,776)	(4,500)	(180,046)	(1,103,884)
At March 31, 2012	-	222,111	-	-	18,378	-	-	240,489
Depreciation expense	-	36,755	-	-	1,651	-	-	38,406
At March 31, 2013	-	**258,866**	-	-	**20,029**	-	-	**278,895**
Net book value								
At March 31, 2012	585,300	612,589	-	-	9,321	-	-	1,207,210
At March 31, 2013	**585,300**	**575,834**	-	-	**7,670**	-	-	**1,168,804**

9. Trade and other payables

	March 31, 2013	March 31, 2012
	$	$
Trade payables	**86,506**	449,427
Accrued wages payable	**-**	1,230
Total trade and other payables	**86,506**	450,657

10. Short-term loans

The Group had revolving credit facilities subject to review on an annual basis in the aggregate amount of $2,000,000 bearing interest at the bank's prime rate plus 1% per annum. These facilities were secured by a hypothec on the universality of all property and receivables of a subsidiary company in the amount of $1,000,000 and a personal guarantee of $1,000,000 from the majority shareholder of the Company. These credit facilities were fully paid during the year ended March 31, 2013 as part of the sale agreement of the ATM assets (Note 16 (b)). The balance used at March 31, 2012 was $590,000.

11. Non-controlling interest

The non-controlling interest consists of 1,145,000 Class 'D' preferred shares (2012 – 1,270,000) of Québec Inc., non-voting, non-participating, non-convertible, non-cumulative annual dividend of 8%, and redeemable at $1 per share. Changes in non-controlling interest are summarized as follows:

	2013	2012
	$	$
Balance beginning of year	**1,270,000**	1,270,000
Preferred shares repurchased during the year	**(125,000)**	-
Balance, end of year	**1,145,000**	1,270,000

12. Direct costs

Direct costs per discontinued operations (Note 16(c)) are comprised of:

	2013	2012
	$	$
Purchases	-	29,311,081
Commissions	-	3,291,692
Transport fees	-	329,331
Repairs and maintenance	-	119,323
	-	33,051,427

13. Selling and administrative

Selling and administrative expenses relating to continuing operations per segmented information (Note 21) are comprised of:

	2013	2012
	$	$
Salaries	**97,187**	49,753
Professional fees	**164,054**	281,785
Selling expenses	-	405
Office and general	**2,507**	908
Utilities	**21,330**	67,504
Insurance	**13,472**	11,444
Taxes and licences	**36,517**	35,795
Telecommunications	**1,471**	1,068
Other	**5,286**	-
	341,824	448,662

13. Selling and administrative (cont'd.)

Selling and administrative expenses per discontinued operations (Note 16(c)) are comprised of:

	2013	2012
	$	$
Salaries	-	458,945
Professional fees	-	164,275
Selling expenses	-	162,142
Office and general	-	99,909
Insurance	-	55,620
Taxes and licences	-	(4,138)
Telecommunications	-	36,338
Bad debt	-	6,997
	-	980,088

14. Sale of business unit

During the year ending March 31, 2012, the Company entered into a share purchase agreement to sell all of the shares of Car-Tel (Note 16 (a)). The following balances were excluded from the consolidated statements of financial position as a result of the sale:

	March 31, 2012
	$
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

14. Sale of business unit (cont'd.)

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

Approximately $370,000 of deferred tax assets not previously recognized are lost due to the sale of the above business unit.

15. Income taxes

(a) *The provision for income taxes consists of:*

	2013	2012 *(Restated Note 25)*
	$	$
Current income taxes	**(71,471)**	(124,763)
Deferred taxes	**10,800**	(5,055)
	(60,671)	(129,818)

(b) Reconciliation of income taxes

The impact of differences between the Group's reported income taxes on operating loss and the recovery that would otherwise result from the application of statutory rates is as follows:

	2013		2012 *(Restated Note 25)*	
	$	**%**	$	%
Income tax recovery at the combined basic Federal and Provincial tax rates on loss before income taxes and income from discontinued operations	**(55,879)**	**27**	(206,867)	28
Permanent differences	**2**	**-**	299	-
Change in tax rates	**-**	**-**	2,541	-
Change in deferred tax assets not recognized	**(3,320)**	**2**	74,209	(10)
Other	**(1,474)**	**1**	-	-
Income tax recovery	**(60,671)**	**30**	(129,818)	18

15. Income taxes (cont'd.)

(c) The tax effects of significant items comprising the Group's net deferred tax assets and liabilities are as follows:

	2013	2012
	$	$
Loss carry forwards and other deductible amounts	**713,401**	719,211
Property, plant and equipment	**8,723**	10,393
Deferred tax assets not recognized	**(722,124)**	(718,804)
	-	10,800

(d) Tax loss carry forwards:

The Group has losses available for income tax purposes that can be used to reduce taxable income of future years. These approximate losses expire as follows:

	Federal	**Quebec**
	$	**$**
2027	-	21,000
2028	822,000	848,000
2029	454,000	443,000
2030	576,000	571,000
2031	78,000	74,000
2033	126,000	123,000
	2,056,000	2,080,000

(e) Other deductible amounts

The Company has available approximately $282,000 (Quebec $285,000) of cumulative eligible capital which may be carried forward indefinitely to be deducted against taxable income.

16. Discontinued operations

(a) The Company entered into a definitive share purchase agreement to sell all of the shares of Car-Tel ("business unit") to 7999291 Canada Inc. This disposal was reported in the consolidated financial statements for the year ended March 31, 2012 as a discontinued operation. Revenues and expenses of Car-Tel are recognized and reported to December 15, 2011, the date of the sale. The Company realized a gain on this transaction of $3,069,346.

(b) As of March 31, 2012, Québec Inc., entered into an agreement with Access Cash to which Québec Inc. sold substantially all of its ATM assets ("ATM business unit network") to Access Cash. This disposal was reported in the consolidated financial statements for the year ended March 31, 2012 as a discontinued operation. Revenues and expenses of the ATM network are recognized and reported to March 31, 2012, the date of sale. The Company realized a gain on this transaction of $873,657.

(c) For the years ended,

	March 31, 2013 Car-Tel	**March 31, 2013 ATM**	**March 31, 2013 Total**	March 31, 2012 ***(Restated Note 25)*** Car-Tel	March 31, 2012 ***(Restated Note 25)*** ATM	March 31, 2012 ***(Restated Note 25)*** Corporate	March 31, 2012 ***(Restated Note 25)*** Total
	$	$	$	$	$	$	**$**
Revenues	-	-	-	**30,457,269**	**4,110,680**	-	**34,567,949**
Direct costs	-	-	-	**29,532,812**	**3,518,615**	-	**33,051,427**
Selling and administrative	-	-	-	**755,446**	**224,642**	-	**980,088**
Recovery of sales taxes (Note 22)	-	**(399,469)**	**(399,469)**	-	-	-	-
Loss (gain) on disposition of property, plant and equipment	-	-	-	**4,902**	**(1,113)**	-	**3,789**
Income before net finance expenses	-	**399,469**	**399,469**	**164,109**	**368,536**	-	**532,645**
Net finance expenses	-	-	-	**92,111**	**221,905**	-	**314,016**

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16. Discontinued operations (cont'd.)

Income before income taxes	-	**399,469**	**399,469**	**71,998**	**146,631**	-	**218,629**
Current income taxes	-	**107,457**	**107,457**	-	-	-	-
	-	**292,012**	**292,012**	**71,998**	**146,631**	-	**218,629**
Gain on disposition of business unit (Note 16 (c))	-	-	-	-	-	**3,069,346**	**3,069,346**
Gain on disposition of ATM business unit network (Note 16 (b))	-	-	-	-	**873,657**	-	**873,657**
Current income taxes	-	-	-	-	**52,133**	**73,512**	**125,645**
	-	-	-	-	**821,524**	**2,995,834**	**3,817,358**
Income from discontinued operations	-	**292,012**	**292,012**	**71,998**	**968,155**	**2,995,834**	**4,035,987**

17. Share capital

Share capital authorized:

An unlimited number of the following classes of shares:

Common, voting participating shares

Series I preferred shares issuable in series, non-voting, 6% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

Series II preferred shares issuable in series, non-voting, 8% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

17. Share capital (cont'd.)

	Number #	Amount $
Common shares		
BALANCE, APRIL 1, 2011	18,461,300	1,787,423
Cancelled treasury shares	-	6,380
BALANCE, MARCH 31, 2012 and MARCH 31, 2013	**18,461,300**	**1,793,803**

	Number #	Amount $
Treasury shares		
BALANCE, APRIL 1, 2011	187,000	24,550
Cancelled treasury shares	(187,000)	(24,550)
BALANCE, MARCH 31, 2012 and MARCH 31, 2013	**-**	**-**

During the year ended March 31, 2011, the Company repurchased for cancellation 187,000 of its common shares for a total consideration of $24,550 under a Normal Course Issuer Bid. At March 31, 2011, these common shares were held as treasury shares and the capital stock was reduced by their repurchase price. These common shares were then cancelled on May 27, 2011 and the excess of repurchase price over stated value, $6,380 was charged to deficit.

There are no preferred shares issued and outstanding as at March 31, 2013 and 2012.

18. Share-based payments

The Company has adopted share-based payments plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 855,000. The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the ordinary shares at the time of the grant, and the term of the options cannot exceed five years and unexercised options are cancelled after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors, the options granted vest according to a graded schedule of 33.3% every six months commencing on the grant date.

18. Share-based payments (cont'd.)

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle options.

There were no options granted and no stock option compensation costs incurred for the years ended March 31, 2013 and March 31, 2012.

The Company's share options are as follows for the reporting years presented:

	March 31, 2013		March 31, 2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
	#	**$**	#	$
Balance - beginning of year	**90,000**	**0.26**	280,000	0.24
Granted	-	-	-	-
Expired	**90,000**	**0.26**	190,000	0.24
Balance - end of year	-	-	90,000	0.26

There were no options outstanding at March 31, 2013 (90,000 at 0.26 outstanding and exercisable at March 31, 2012).

19. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the net income (loss) for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted earnings (loss) per share, potential ordinary shares such as share options have been included as they would have the effect of decreasing the earnings (loss) per share. Details of share options issued that could potentially dilute earnings per share in the future are given in Note 18.

19. Earnings (loss) per share (cont'd.)

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) as the numerator, i.e. no adjustment to the income were necessary for the years ended March 31, 2013 and March 31, 2012 respectively.

	Year ended	
	March 31, 2013	March 31, 2012 *(Restated Note 25)*
	$	$
Net loss from continued operations	**(147,058)**	(608,203)
Loss per share:		
Basic loss per share	**(0.00797)**	(0.03294)
Diluted loss per share	**(0.00797)**	(0.03278)
Net income from discontinued operations	**292,012**	4,035,987
Earnings per share:		
Basic earnings per share	**0.01582**	0.21862
Diluted earnings per share	**0.01582**	0.21756
Net income from the year	**144,954**	3,427,784
Earnings per share:		
Basic earnings per share	**0.00785**	0.18567
Diluted earnings per share	**0.00785**	0.18477
Weighted average number of shares outstanding:	**#**	#
Basic	**18,461,300**	18,461,300
Diluted	**18,461,300**	18,551,300

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20. Supplemental cash flow information

For the year ended	**March 31, 2013**	March 31, 2012 *(Restated Note 25)*
	$	$
Net income from discontinued operations	**292,012**	4,035,987
Items not involving cash:		
Loss on disposal of property, plant and equipment	**-**	3,789
Gain on disposition of business unit (Note 16 (c))		(3,069,346)
Gain on disposition of ATM business unit network (Note 16 (b))		(873,657)
Changes in non-cash working capital		
Trade and other receivables	**-**	250,280
Inventories	**-**	845,420
Prepaid expenses	**-**	1,029
Trade and other payables	**-**	(919,327)
Trade payables from related parties	**-**	(6,588)
Cash flows from operating activities of discontinued operations	**292,012**	267,587
Cash flows used in investing activities		
Acquisition of property, plant and equipment	**-**	(40,348)
Loss on disposal of property, plant and equipment	**-**	3,500
Cash flows used in investing activities of discontinued operations	**-**	(36,848)
Cash flows used in financing activities		
Bank indebtedness	**-**	239,807
Loans payable	**-**	(75,000)
Short-term loans	**-**	(116,580)
Long-term loans	**-**	(1,117,438)
Cash flows used in financing activities of discontinued operations	**-**	(1,069,211)

21. Segmented information

The accounting policies used to prepare the information by business segment are the same as those used to prepare the consolidated financial statements of the Group as described in Note 3.

The Group's significant business segments include:

- *ATM network segment:* ATM transactions which included a fee or percentage base costs per transaction and a fixed base surcharge per transaction for money passing though the ATM network.

- *Prepaid distribution segment:* Engaged in prepaid phone cards, phone PINs, long distance cards and gift cards. Revenues recorded on a net revenue basis where the Group had determined that it was not the primary obligor, and included in revenues below, accounted for nil for the year ended March 31, 2013 (2012 - $289,234).

All of the Group's reportable segments are conducted solely in Canada. Information by reportable segment for the year ended March 31, 2013 and 2012 is as follows:

	Discontinued Operations		Continuing Operation	March 31, 2013
	ATM Machines	Prepaid Products	Corporate Items	Consolidated Totals
	$	$	$	$
Revenues	-	-	42,259	42,259
Selling and administrative	-	-	341,824	341,824
Depreciation of property, plant and equipment	-	-	38,406	38,406
Money remittance, net	-	-	(3,861)	(3,861)
Strategic review process recovery	-	-	(129,873)	(129,873)
	-	-	246,496	246,496
Income before finance costs	-	-	(204,237)	(204,237)
Net finance expenses	-	-	3,492	3,492
Net Income before income taxes	-	-	(207,729)	(207,729)
Net Income from assets of discontinued activities (1)	292,012	-	-	292,012
Total assets of continued operations	-	-	1,422,208	1,422,208

21. Segmented information (cont'd.)

	Discontinued Operations		Continuing Operation	March 31, 2012
	ATM Machines *(Restated Note 25)*	Prepaid Products *(Restated Note 25)*	Corporate Items *(Restated Note 25)*	Consolidated Totals *(Restated Note 25)*
	$	$	$	$
Revenues	-	-	59,474	59,474
Selling and administrative	-	-	448,662	448,662
Depreciation of property, plant and equipment	-	-	41,232	41,232
Money remittance, net	-	-	(91,263)	(91,263)
Strategic review process costs	-	-	422,092	422,092
Insurance claim	-	-	(84,735)	(84,735)
	-	-	735,988	735,988
Loss before finance costs	-	-	(676,514)	(676,514)
Net finance expenses	-	-	61,507	61,507
Net loss before income taxes	-	-	(738,021)	(738,021)
Net Income from assets of discontinued activities (1)	968,155	71,998	2,995,834	4,035,987
Additions to property, plant and equipment	24,512	15,836	-	40,348
Total assets of continued operations	-	-	2,352,144	2,352,144

(1) No depreciation expenses were accounted for in net income (loss) from assets held for sale.

22. Recovery of sales taxes

In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides on-premises space allowing a third party to render financial services to its clients.

23. Related party transactions

Balances and transactions between Saratoga Electronic Solutions Inc. and its subsidiaries, which are related parties of Saratoga Electronic Solutions Inc., have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Country of incorporation	Percentage of interest	
		March 31, 2013	March 31, 2012
9261-5277 Québec Inc.	Canada	**100 %**	100 %
Distribution Car-Tel Inc.	Canada	**NIL**	NIL

The Group's related parties include private companies controlled by directors as described below.

As at	**March 31, 2013**	March 31, 2012
	$	$
Trade receivables from related parties:		
Companies with common director	**36,533**	14,957
Total trade receivables from related parties	**36,533**	14,957
Trade payables to related parties:		
Directors	**5,864**	3,814
Total trade payables to related parties	**5,864**	3,814
Revenues for the year ended:		
Rental income companies under common control	**19,069**	19,069
Total revenues	**19,069**	19,069
Administrative – related parties:		
Professional fees	**34,000**	49,989
Utilities	**4,963**	-
Total Administrative – related parties	**38,963**	49,989
Net finance expenses – related parties:		
Company under common control	-	47,127
Companies with common director	-	33,991
Total finance expenses – related parties	-	81,118

23. Related party transactions (cont'd.)

The Group has identified its directors and certain officers as its key management personnel. The compensation costs for key management personal for the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
	$	$
Salaries and benefits key management personal	**85,735**	153,731
Directors	**5,500**	21,200

24. Financial instruments risks

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and interest rate risk. The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets. The Group does not actively engage in the trading of financial speculative purposes. The most significant financial risks to which the Group is exposed are described below. The Group is exposed to market risk through its use of financial instruments and specifically to interest risk and certain other risks, which result from both its operating and investing activities. No changes were made in the objectives, policies and processes during the reporting years.

The carrying value of cash, trade and other receivables, trade receivables from related parties, loan receivable from a private company, bank indebtedness, short-term loans, trade and other payables and trade payables from related parties are considered to be reasonable approximation of fair value because of the short-term maturity of these instruments.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's trade and other receivables. The Group may also have credit risk relating to cash and cash equivalents. The carrying amount of financial assets, as disclosed above, represents the Group's maximum exposure.

24. Financial instruments risk (cont'd.)

The Group's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Group reviews the individual characteristics of each customer's credit history before extending credit and monitors extensions of credit by regular reviews of customers' credit performance. Revenues are with payment terms due within 30 days on the day invoiced. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. The Group has not experienced significant credit losses in the past.

The Group in 2012 was exposed to concentration of credit risk as approximately 88% of the Group's revenue was derived from its prepaid products business unit. It depended upon 2 major customers, which accounted for approximately 28% of the segment's revenues. The maximum credit risk exposure for trade and other receivable corresponds to the carrying value.

In 2012 the prepaid product business unit acquired its inventories from two major suppliers, which accounted for approximately 64% of the segments direct costs.

There is no such risk in the current year as the business segment was sold in prior year.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Group's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures.

24. Financial instruments risk (cont'd.)

The following table presents the contractual maturities of the Corporation's financial liabilities:

As at March 31, 2013			**Payments by Periods**		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Trade and other payables	86,506	86,506	-	-	-
Trade payables to related parties	5,864	5,864	-	-	-

As at March 31, 2012			**Payments by Periods**		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Bank indebtedness	40,955	40,955	-	-	-
Short-term loans	590,000	590,000	-	-	-
Trade and other payables	450,657	450,657	-	-	-
Trade payables to related parties	3,814	3,814	-	-	-

The Group's primary objectives when managing capital is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Group capital items are cash and cash equivalents, bank loans, long-term debt, and common shares. Capital is $1,937,831 as at March 31, 2013 (2012 – $1,162,848).

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or debt, or sell assets to reduce debt or fund acquisition or development activities.

24. Financial instruments risk (cont'd.)

The Group's strategy for capital risk management was subject to externally imposed capital requirements from one of its lenders in the year ended March 31, 2012. The ratios and requirements were monitored on an ongoing basis by management and required Québec Inc (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 to1
- not to redeem any preferred shares without obtaining the consent of the lender

As at March 31, 2012, the Group did not meet all of the requirements imposed by its lender. The concerned debts were reimbursed during the year ended March 31, 2013, thus these requirements are no longer applicable.

The Company has also created a new class of preferred shares as described in Note 11. The primary purpose of creating these preferred shares is to provide management with greater flexibility respecting potential future financings and other corporate transactions.

(c) Foreign currency risk

All of the Group's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Group's functional and reporting currency. Therefore, the Group is not exposed to foreign currency risk.

(d) Interest rate risk

The Group is exposed to interest rate risk as interest fluctuations could have an impact on the interest income generated by the Group on its cash, which, when interest bearing, bears interest at fixed rates. The Group has established guidelines whereby the objectives are to preserve capital, to keep the investment portfolio liquid and to achieve reasonable returns.

The Group was exposed to interest rate risk on its short-term loans and long-term loans in the year ended March 31, 2012, bearing variable rates of interest. The Group's interest risk exposure is a function of changes in the prime rate. However, a variation of 1% in the prime rate will not have a significant effect on the comprehensive income or financial position of the Group. As at March 31, 2012, should interest rates vary by 100 basis points

24. Financial instruments risk (cont'd.)

and all the other parameters remain the same, the Group's net income for the year then ended would have increased or decreased by approximately $5,900.

(e) Economic conditions

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

The Group'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 Group's office rental space that it does not occupy and could have a material adverse effect on the Group's office rental revenues, financial position and operating results.

25. Comparative information and restatement of prior year

The Group has restated its previously reported consolidated financial statements as at and for the year ended March 31, 2012 to reclassify the gain on disposition of business unit and the gain on disposition of ATM business unit network (Note 16) from continuing operations to discontinued operations and to report them net of applicable taxes. This restatement had no impact on the total comprehensive income and accumulated deficit previously reported but resulted in changes to the following items:

25. Comparative information and restatement of prior year (cont'd.)

Consolidated statement of comprehensive income:

	Previously reported	As Restated
	$	$
Income (loss) before income taxes and income from discontinued operations	3,204,982	(738,021)
Income (loss) from continuing operations	3,209,155	(608,203)
Income from discontinued operations	218,629	4,035,987
Earnings (loss) per share from continuing operations		
Basic	0.17383	(0.03294)
Diluted	0.17299	(0.03278)
Earnings per share from discontinued operations		
Basic	0.01184	0.21862
Diluted	0.01179	0.21756

Consolidated statement of cash flows:

	Previously reported	As Restated
	$	$
Cash flows used in operating activities of continuing operations	(541,376)	(415,731)
Cash flows from operating activities of discontinued operations	393,232	267,587