SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

For the Year Ended March 31, 2013

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

This Management’s Discussion and Analysis of Saratoga Electronic Solutions Inc. ("Saratoga" or the "Company") was prepared in accordance with Regulation 51-102 "Respecting Continuous Disclosure Obligations" and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended March 31, 2013 and 2012. The Company files its audited consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

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

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

The audited consolidated financial statements and MD&A of the Company in respect of the year ended March 31, 2013 and 2012 were reviewed by the Audit Committee and approved by the Board of Directors of the Company on July 22, 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

The Company had two significant business units, Automated Teller Machines (“ATMs”) and prepaid products, which were sold during the year ended March 31, 2012 as described below.

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

ATMs

The Company entered into a definitive share purchase agreement to sell substantially the assets of its wholly-owned subsidiary, 9261-5277 Québec Inc. (formally Corporation Saratoga ATM Inc.) ("Québec Inc.") to Access Cash General Partnership ("Access Cash"). The closing of the transaction was held on April 5, 2012 with an effective date of March 31, 2012. The agreement included the purchase by Access Cash of the business name Saratoga ATM, prompting a change in name of the subsidiary from Corporation Saratoga ATM Inc. to 9261-5277 Québec Inc. As a result, Québec Inc. is reported in the audited consolidated financial statements of the Company as a discontinued operation for the year ended March 31, 2012; no operations for the year ended March 31, 2013.

Prepaid products

The Company entered into a definitive share purchase agreement 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. As a result, Car-Tel is reported in the audited consolidated financial statements of the Company as a discontinued operation for the year ended March 31, 2012; no operations for the year ended March 31, 2013.

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 above.

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.

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.

Quarterly results

Quarter	**Revenues**	**Net income (loss)**	**Net earnings (loss) per share - basic and diluted**
	$	**$**	**$**
Year ended March 31, 2013			
Fourth Quarter	5,767	(71,099)	(0.00385)
Third Quarter	7,937	323,089	0.01750
Second Quarter	14,277	(556)	(0.00003)
First Quarter	14,278	(106,480)	(0.00577)
Year ended March 31, 2012			
Fourth Quarter	968,090	3,949,729	0.21395
Third Quarter	8,898,342	(684,475)	(0.03708)
Second Quarter	12,359,979	43,941	0.00238
First Quarter	12,401,012	118,589	0.00642

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

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2013, 2012 and 2011.

	Three-month period			Year ended		
	March 31, 2013 (unaudited)	March 31, 2012 (unaudited)	March 31, 2011 (unaudited)	**March 31, 2013 (audited)**	March 31, 2012 (audited)	March 31, 2011 (audited)
	$ (except for share information)	$ (except for share information)	$ (except for share information)	**$ (except for share information)**	$ (except for share information)	**$** (except for share information)
Total assets	**1,422,208**	2,352,144	6,603,527	**1,422,208**	2,352,144	6,603,527
Bank loans	**-**	590,000	1,618,160	**-**	590,000	1,618,160
Long-term debt	**-**	-	2,017,870	**-**	-	2,017,870
Revenue	**5,767**	16,642	15,179	**42,259**	59,474	58,011
Operating loss before finance expenses and income taxes	**(16,747)**	(481,193)	(137,475)	**(204,237)**	(676,514)	(492,048)
Net finance expense	**110**	75	25,918	**3,492**	61,507	115,673
Loss before income taxes	**(16,857)**	(481,268)	(163,393)	**(207,729)**	(738,021)	(607,721)
Income (recovery) taxes expense	**(53,491)**	(225,182)	(1,309)	**(60,671)**	(129,818)	12,783
Net income (loss) from continuing activities	**36,634**	(256,086)	(162,084)	**(147,058)**	(608,203)	(620,504)
Net income (loss) from discontinued activities	**(107,733)**	4,205,815	(1,366,130)	**292,012**	4,035,987	(1,212,583)
Comprehensive income	**(71,099)**	3,949,729	(1,528,214)	**144,954**	3,427,784	(1,833,087)
Earnings (loss) per share basic	**(0.00385)**	0.21395	(0.08278)	**0.00785**	0.18567	(0.09929)
Earnings (loss) per share diluted	**(0.00385)**	0.21291	(0.08278)	**0.00785**	0.18477	(0.09929)
Weighted average number of common shares outstanding						
Basic	**18,461,300**	18,461,300	18,461,300	**18,461,300**	18,461,300	18,461,300
Diluted	**18,461,300**	18,551,300	18,461,300	**18,461,300**	18,551,300	18,461,300

Results of operations

Revenues

Revenues based on continuing operating activities information for the three-month periods ended March 31, 2013 are $5,767 compared to the three-month periods ended March 31, 2012 of $16,642, a year over year decrease of $10,875 (65.35%).

Revenues based on continuing operating activities information for the year ended March 31, 2013 are $42,259 compared to the year ended March 31, 2012 of $59,474, a year over year decrease $17,215 (28.95%).

Administrative expenses

Administrative expenses from continuing operating activities for the three-month period ended March 31, 2013 were $2,000, compared to $170,353 for the three-month period ended March 31, 2012. Administrative expenses decreased year-over-year by $168,353 (98.83%). This year-over-year decrease of $168,353 is explained by a decrease in closing expenses of the sale of the assets ATM business of $4,286 (100.00%), in professional fees of $148,562 (112.27%), in utilities of $20,175 (72.16%) and in other administration expenses of $961 (0.56%), offset by an increase in office salaries and benefits of $5,631 (249.05%).

Administrative expenses from continuing operating activities for the year ended March 31, 2013 were $341,824, compared to $448,662 for the year ended March 31, 2012. Administrative expenses decreased year-over-year by $106,838 (23.81%). This year-over-year increase of $106,838 is explained by an increase in insurance expense of $2,029 (17.73%), in closing expenses in the sale of the assets of the ATM of $5,286 (100.00%), in office salaries and benefits of $47,433 (95.34%) and in other administration expenses of $2,319 (6.07%), offset by a decrease in professional fees of $117,731 (41.78%), in utilities expense of $46,174 (68.40%).

The decrease in professional fees of $117,731 (41,731%) is mainly explained by professional fees of $30,000 being partially distributed to discontinued operations for the year ended March 31, 2012, as the full expense is absorbed by the continued operations for the year ended March 31, 2013 and by a decrease in auditing fees of $80,000 and other professional fees of $7,731. The increase in office salaries and benefits of $47,433 (95.34%) is mainly explained by the increase in salary of $76,200 (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 March 31, 2013 decreased to $9,601 from $10,308 for the three-month period ended March 31, 2012, representing a year-over-year decrease of $707 (6.86%). The amount of $9,601 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of $9,189 (2012 - $9,775) and of $412 (2012 - $533) in other fixed assets.

Depreciation of property, equipment from continuing operating activities for the year ended March 31, 2013 decreased to $38,406 from $41,232 the year ended March 31, 2012, representing a year-over-year decrease of $2,826 (6.85%). The amount of $38,406 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of $36,755 (2012 - $39,102) and of $1,650 (2012 - $2,130) in other fixed assets.

Depreciation of property, equipment reported from discontinued operations for the three and year ended March 31, 2013 was nil (2012 – Nil). Under discontinued operations policies, no depreciation of assets are accounted for.

Money remittance costs

Money remittance costs recovery from continuing operating activities of $3,861 for the year ended March 31, 2013, compared to money remittance costs recovery of $91,263 for the year ended March 31, 2012, representing a year-over-year decrease in costs recovery of $87,402 (95.77%).

Strategic revision process costs

Strategic revision process costs recovery reported from continuing operations for the year ended March 31, 2013 of $129,873, compared to $422,092 strategic revision process costs for the year ended March 31, 2012, representing a year-over-year costs decrease of $551,965 (130.77%). The strategic revision costs for the completed sale of the assets of the ATM business were reduced by a recovery of $129,873 through negotiations with lawyers and finder’s fee consultant.

Insurance claim

Insurance claim reported from continuing operations for the year ended March 31, 2013 of nil (2012 – $84,735), representing a year-over-year decrease of $84,735 (100.00%). The insurance claim received is due to a spring flooding in April 2011.

Forgiveness of debt

Forgiveness of debt from continuing operations for the year ended March 31, 2013 of nil (2012 – $165,180), representing a year-over-year decrease of $165,180 (100.00%). The forgiveness of debt is pursuant to the sale of the Company's wholly-owned subsidiary Car-Tel Distributions Inc. The closing of the transaction was held on December 16, 2011.

Finance costs

Finance costs from continuing operating activities for the year ended March 31, 2013 decreased to $3,492 from $61,507 for the year ended March 31, 2012, representing a year-over-year decrease of $58,015 (94.32%).

Operating income before income taxes

The operating loss from continuing operating activities before income taxes of $16,857 for the three-month period ended March 31, 2013, compared to a loss of $481,268 for the three-month period ended March 31, 2012, representing a year-over-year decrease in operating loss of $464,411 (96.50%).

The operating loss from continuing operating activities before income taxes of $207,729 for the year ended March 31, 2013, compared to a loss of $738,021 for the year ended March 31, 2012, representing a year-over-year decrease in operating loss of $530,292 (71.85%).

Income taxes

Income taxes recovery reported from continuing operations of $60,671 for the year ended March 31, 2013, compared to income taxes recovery of $129,818 for the year ended March 31, 2012, representing a year-over-year decrease in income tax recovery of $69,147 (53.26%).

Net income from assets of discontinued activities

Loss from discontinued operations for the three-month period ended March 31, 2013 was $107,733, compared to an income of $4,205,815 for the three-month period ended March 31, 2012, represents a year over year decrease in net income of $4,313,548 (102.56%).

Net income from discontinued operations for the year ended March 31, 2013 was $292,012, compared to $4,035,987 for the year ended March 31, 2012. This year over year decrease in net income of $3,743,975 (92.76%) is mainly explained by the decrease in net income of $146,631 (100.00%) for Car-Tel, in gain on disposal of business unit, net of tax, of $2,995,834 (100.00%) for Car-Tel and a gain on disposal of ATM business unit network assets, net of tax, of $821,524 (100.00%) for Québec Inc., offset by an increase in net income of $220,014 (305.58%) in Québec Inc. The net income in Québec Inc. of $292,012 for the year ended March 31, 2013 (2012 – Nil) results from the recovery of sales taxes.

Total comprehensive income

The Company realized a net loss for the three-month period ended March 31, 2013 of $71,099, compared to a net income for the three-month period ended March 31, 2012 of $3,949,729, representing a decrease in net income of $4,020,828 (101.80%).

The Company realized a net income for the year ended March 31, 2013 of $144,954, compared to a net income for the year ended March 31, 2012 of $3,427,784 representing a decrease in net income of $3,282,830 (95.77%).

Earnings per share

The loss per share - basic and diluted for the three-month period ended March 31, 2013 was $0.00385, compared to an earnings per share - basic of $0.21395 and an earnings per share - diluted of $0.21291 for the three-month period ended March 31, 2012, respectively, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2013 and March 31, 2012 and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2013 (2012 18,551,300).

The earnings per share - basic and diluted for the year ended March 31, 2013 was $0.00785, compared to an earnings per share - basic of $0.18567 and an earnings per share - diluted of $0.18477 for the year ended March 31, 2012, respectively, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2013 and March 31, 2012 and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2013 (2012 18,551,300).

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2013 and 2012.

	For the three-month period ended		**For the year ended**	
	March 31, 2013 (unaudited)	**March 31, 2012 (unaudited)**	**March 31, 2013 (audited)**	**March 31, 2012 (audited)**
			$	**$**
Cash flow used in operating activities of continuing operations	**(125,733**	(11,948)	**(230,009)**	(415,731)
Cash flow from operating activities of discontinued operations	-	74,939	**292,012**	267,587
Cash flow from (used in) investing from continuing activities	**(50,000)**	-	**(50,000)**	1,193,788
Cash flow used in investing discontinued activities	**-**	(101)	**-**	(36,848)
Cash flow (used in) from financing continuing activities	**(125,000)**	78,223	**(755,955)**	(58,865)
Cash flow used in financing discontinued activities	-	(205,475)	**-**	(1,069,211)
Net decrease in cash and cash equivalents	**(300,733)**	(64,362)	**(743,952)**	(119,280)

Operating activities

Cash flows used in continuing operating activities were $125,733 for the three-month period ended March 31, 2013, compared to cash flows used of $11,948 for the three-month period ended March 31, 2012. The increase of $113,785 (952.34%) in cash flows used from operating activities is primarily attributable to an increase generated income of $292,720 (114.31%), to a decrease in generated cash flow from items not involving cash of $96,399 (82.53%) and an increase in used non-cash working capital items of $310,106 (243.53%).

Cash flows generated in discontinued operating activities for the three-month period ended March 31, 2013 were nil (2012 – 74,939). The decrease of $74,939 (100.00%) in cash flows generated from discontinued operating activities is primarily attributable to the sale of the ATM business unit network as of March 31, 2012.

Cash flows used in continuing operating activities were $230,009 for the year ended March 31, 2013, compared to cash flows used of $415,731 for the year ended March 31, 2012. The decrease of $185,722 (44.67%) in cash flows used in operating activities is primarily attributable to a decrease in loss of $461,145 (75.82%), to an increase in generated cash flow from items not involving cash of $13,029 (36.01%) and an increase in used non-cash working capital items of $288,452 (184.56%).

Cash flows generated in discontinued operating activities for the year ended March 31, 2013 were $292,012 compared to cash flows generated of $267,587 for the year ended March 31, 2012. Resulting in the increase of $24,425 (9.13%) in cash flows generated from discontinued operating activities.

Investing activities

Cash flows used in investing activities of continuing activities were $50,000 for the year ended March 31, 2013 and cash flows generated in investing activities of continuing activities of $1,193,788 for the year ended March 31, 2012. The decrease of $1,243,788 (104.19%) represents the decrease in proceeds of the sale of Car-Tel as of December 15, 2011 of $1,193,788 and a year-per-year increase in loan receivable by private company of $50,000.

Cash flows used in investing activities of discontinued activities were nil for the year ended March 31, 2013 (2012 – $36,848) 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 used in financing activities of continuing activities were $125,000 for the three-month period ended March 31, 2013, compared to cash flows generated in financing activities of continuing activities $78,223 for the three-month period ended March 31, 2012. This decrease of $203,223 (259.80%) in generated financing activities is mainly explained by a decrease in new bank indebtedness of $41,915 (100.00%), a decrease in bank loans of $1,595 (100.00%), a decrease in repayment of long-term debt of $34,713 (100.00%) and an increase in redemption of preferred shares held by non-controlling interest of $125,000 (100.00%).

Cash flows used in financing activities of discontinued activities were nil for the three-month period ended March 31, 2013 (2012 – $205,475). The decrease of $205,475 (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 $755,955 for the year ended March 31, 2013, compared to cash flows used of $58,865 for the year ended March

31, 2012. This increase of $697,090 (1,184.22%) in used financing activities is mainly explained by a decrease in repayment of long-term debt of $70,350 (100.00%), in a decrease in bank indebtedness of $72,440 (100.00%) and in short-term loans of $570,000 (100.00%) and an increase in redemption of preferred shares held by non-controlling interest of $125,000 (100.00%).

Cash flows used in financing activities of discontinued activities were nil for the year ended March 31, 2013 (2012 – $1,069,211). The decrease of $1,069,211 (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 $1,422,208 as at March 31, 2013, compared to $2,352,144 as at March 31, 2012, representing a decrease of $929,936 (39.54%). This decrease is mainly explained by the increase in cash of $144,028 (100.00%), in trade receivable from related parties of $21,576 (144.25%), in prepaid expenses of $133 (0.93%) and in loan receivable from a private company of $50,000 (100.00%), offset by a decrease in cash in circulation in automated teller machines of $887,980 (100.00%), in trade receivable of $156,720 (94.94%), in receivable from purchaser of the ATM business network of $51,767 (100.00%), in property and equipment of $38,406 (3.18%) and in deferred income taxes of $10,800 (100.00%).

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 $949,890 (87.51%) as at March 31, 2013 to $135,536, compared to $1,085,426 as at March 31, 2012. The decrease of $949,890 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 $364,151 (80.80%), offset by an increase in trade payable to related parties of $2,050 (53.75%) and in income taxes payable of $43,166 (100%).

Equity attributable to Shareholders’

Equity attributable to shareholders’ increased to $141,672 as at March 31, 2013, from an equity deficiency of $3,282 as at March 31, 2012, an increase in equity attributable to shareholders’ of $144,954 (4,416.64%).

Issued and outstanding share capital

As of July 22, 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 July 22, 2013.

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

As of July 22, 2013, the Company has not issued any preferred shares.

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.

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 year ended March 31, 2013 (2012 - $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 year ended March 31, 2013, the Company realized rental income of $9,775 (2011 - $9,775) from such lease, and, as at March 31, 2012, the Company had a related account receivable of $15,905 (2011 - $4,666).

The Company leases office space to Maison du Jazz Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the year ended March 31, 2013, the Company realized rental income of $9,294 (2012 - $9,294) from this lease, and, as at March 31, 2013, the Company had a related account receivable of $20,628 (2012 - $10,291).

As at March 31, 2013, 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 year ended March 31, 2013 (2012 - $33,991).

As at March 31, 2013, 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 year ended March 31, 2013 (2012 - 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 $3,594 as at March 31, 2013 (2012 – $3,594), and professional fees in the amount of $34,000 for the year ended March 31, 2013 (2012 – $49,989).

Compensation costs to key management personnel

During the three-month period ended March 31, 2013, the Company paid director's fees in the amount of $1,500 (2012 – $1,500) and during the year ended March 31, 2013, the Company paid director's fees in the amount of $5,500 (2012 – $21,200).

The Company paid key management compensation in the amount of nil for the year ended March 31, 2013 (2012 - $118,219) to Luc Charlebois, a former director of the Company. These compensations were associated with is role as president of Car-Tel.

The Company paid key management compensation in the amount of $2,218 for the three-month period ended March 31, 2013 (2012 - $10,512) and $83,517 for the year ended March 31, 2013 (2012 - $35,512) to Georges Durst. These compensations were associated with is role as president and chief executive officer of the Company. Furthermore, an expense for services resulting in accounts payable and accrued liabilities as at March 31, 2013 in the amount of $2,270 (2012 – $218).

OUTLOOK

The Company 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 audited consolidated financial statements and the statements of financial position classification have not been adjusted as would be required if the going concern assumption was not appropriate.

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").

The audited consolidated financial statements have been approved by the Board of directors an July 22, 2013.

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.

Accounting Policies

These audited consolidated financial statements have been prepared in accordance with IFRS. The Company's IFRS accounting policies presented in note 4 have been applied in preparing the audited consolidated financial statements for the reporting year ended March 31, 2013 and for the comparative information.

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.

- 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.

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 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:

- 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:

		March 31, 2013	March 31, 2012
		$	$
Financial assets at fair value through profit and loss	(1)	50,000	-
Loans and receivables	(2)	188,908	1,119,771
Other financial liabilities	(3)	92,370	1,085,426

(1) Includes loan receivable from a private company
(2) Includes cash, trade and other receivables, and trade receivables from related parties and funds held in trust.
(3) Includes bank indebtedness, short-term loans, trade and other payables, and 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

During the year ended March 31, 2013, 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, funds held in trust, loan receivable from a private company, bank indebtedness, short-term loans, trade and other payables, and trade payables to related parties approximate their fair values due to the short-term maturity of these instruments.

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 $161,034 as of March 31, 2013. The maximum exposure to liquidity risk is equal to the carrying value of the financial liabilities. All financial liabilities are short-term in nature and are repayable within 12 months.

The following are the contractual maturities of financial liabilities as at March 31, 2013:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	$	$	$	$	$
Trade and other payables	92,370	(92,370)	(92,370)	-	-

The Company's strategy for liquidity risk management was driven by external requirements from one of its lenders. The cash flow of the Company was 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. The line of credit was 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. These credit facilities were fully paid during the year ended March 31, 2013 as part of the sale agreement between Québec Inc. and Access Cash. The balance used at March 31, 2012 was $590,000.

Under this line of credit, the Company had to meet certain commitments and financial ratios. The ratios and requirements 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 to 1
- refrain from redeeming 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.

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 March 31, 2013 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.

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:

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

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

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

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

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

FORWARD-LOOKING STATEMENTS

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

This MD&A was prepared on July 22, 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