SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

For the Three-month Period Ended June 30, 2014

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 condensed consolidated interim financial statements and related notes thereto of the Company for the three-month periods ended June 30, 2014 and 2013. The Company files its condensed consolidated interim financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

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

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

The condensed consolidated interim financial statements and MD&A of the Company in respect of the three-month periods ended June 30, 2014 and 2013 were reviewed and approved by the Board of Directors of the Company on August 21, 2014.

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, through its wholly-owned subsidiary 9261-5277 Québec Inc. ("Quebec Inc."), earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1 which is where the head office of the Company is located. This property was sold at year end March 31, 2014 and the Company no longer has any operations.

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

Quarterly results

Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Year ended March 31, 2015			
First Quarter	-	(16,934)	(0.00092)
Year ended March 31, 2014			
Fourth Quarter	-	(24,788)	(0.00135)
Third Quarter	4,768	(408,761)	(0.02214)
Second Quarter	4,767	(47,844)	(0.00259)
First Quarter	4,767	(63,938)	(0.00346)
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)

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 unaudited condensed consolidated interim financial statements for the three-month periods ended June 30, 2014, 2013 and 2012.

	Three-month period		
	June 30, 2014 (unaudited)	June 30, 2013 (unaudited)	June 30, 2012 (unaudited)
	$ (except for share information)	$ (except for share information)	**$** (except for share information)
Total assets	**678,568**	1,565,878	7,710,312
Revenue	**-**	4,767	14,277
Loss before net finance costs, income taxes	**(16,526)**	(62,498)	(104,418)
Net finance expense	**408**	1,440	2,062
Loss before income taxes	**(16,934)**	(63,938)	(106,423)
Income tax expense (recovery)	**-**	-	-
Comprehensive income (loss)	**(16,934)**	(63,938)	(106,423)
Loss per share basic and diluted	**(0.00092)**	(0.00346)	(0.00577)
Weighted average number of common shares outstanding			
Basic	**18,461,300**	18,461,300	18,461,300
Diluted	**18,461,300**	18,461,300	18,551,300

Results of operations

Revenues

Revenues based on continuing operating activities information for the three-month period ended June 30, 2014 are Nil compared to the three-month period ended June 30, 2013 of $4,767, a year over year decrease of $4,767 (100.00%).

Administrative expenses

Administrative expenses from continuing operating activities for the three-month period ended June 30, 2014 were $16,526, compared to $57,676 for the three-month period ended June 30, 2013. Administrative expenses decreased year-over-year by $41,150 (71.35%). This year-over-year decrease of $41,150 is explained by a decrease in insurance expense of $2,420 (100.00%), in professional fees of $22,520 (58.50%), in office salaries of $3,718 (100.00%), in taxes and licenses of $9,256 (100.00%), in utilities of $2,901 (82.04%) and in other administration expenses of $335 (0.81%).

Depreciation of property, equipment

Depreciation of property, plant and equipment from continuing operating activities for the three-month period ended June 30, 2014 decreased to Nil from $8,959 for the three-month period ended June 30, 2013, representing a year-over-year decrease of $8,959 (100.00%).

Money remittance costs recovery

Money remittance costs from continuing operating activities of Nil for the three-month period ended June 30, 2014, compared to money remittance costs of $630 for the three-month period ended June 30, 2013, representing a year-over-year decrease in costs of $630 (100.00%). All money remittance operations were ceased in November 2013.

Finance costs

Finance costs from continuing operating activities for the three-month period ended June 30, 2014 decreased to $408 from $1,440 for the three-month period ended June 30, 2013, representing a year-over-year decrease of $1,032 (71.67%).

Total comprehensive income (loss)

The Company realized a net comprehensive loss for the three-month period ended June 30, 2014 of $16,934, compared to a net comprehensive loss for the three-month period ended June 30, 2013 of $63,938, representing a decrease in net comprehensive loss of $47,004 (73.51%).

Loss per share

The loss per share - basic and diluted for the three-month period ended June 30, 2014 was $0.00092, compared to a loss per share - basic and diluted of $0.00346 for the three-month period ended June 30, 2013, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at June 30, 2014 and June 30, 2013.

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 three-month periods ended June 30, 2014 and 2013.

			Three-month period ended	
			June 30, 2014 (unaudited)	**June 30, 2013 (unaudited)**
			$	**$**
Cash flow used in operating activities of continuing operations			**609,400**	(68,616)
Cash flow used in investing activities from continuing activities			**-**	-
Cash flow used in financing activities from continuing operations			**(600,000)**	-
Net increase (decrease) in cash			**9,400**	(68,616)

Operating activities

Cash flows generated in operating activities of continued operations were $609,400 for the three-month period ended June 30, 2014, compared to cash flows used of $68,616 for the three-month period ended June 30, 2013. The increase of $678,016 (988.13%) in cash flows generated in operating activities of continuing operations is primarily attributable to a decrease in loss of $47,004 (73.51%), to a decrease in items not involving cash of $8,959 (100.00%) and an increase in generated cash flow in non-cash working capital items of $639,971 (4,692.90%).

Financing activities

Cash flows used in financing activities of continuing activities were $600,000 (100.00%) for the three-month period ended June 30, 2014, compared to cash flows used in financing activities of continuing activities of $nil for the three-month period ended June 30, 2013. This increase of $600,000 (100.00%) in used financing activities is mainly explained by an increase in redemption of preferred shares held by non-controlling interest of $600,000 (100.00%).

Consolidated statements of financial position

The total assets of the Company amounted to $678,568 as at June 30, 2014, compared to

$1,292,128 as at March 31, 2014, representing a decrease of $613,560 (47.48%). This decrease is mainly explained by the increase in cash of $9,400 (150.30%), offset by a decrease in cash held in Trust of $620,000 (51.67%) and in trade and other receivables of $2,960 (19.33%).

The Company's current liabilities increased by $3,374 (0.61%) as at June 30, 2014 to $554,161, compared to $550,787 as at March 31, 2013. The increase of $3,374 in current liabilities is mainly explained by the increase in trade payable and accrued liabilities of $2,238 (4.42%), and in sales taxes payable of $1,136 (0.23%).

Deficiency attributable to Shareholders'

Deficiency attributable to shareholders' of $420,593 as at June 30, 2014, compared to an deficiency attributable to shareholders' of $403,659 as at March 31, 2013, a decrease in deficiency attributable to shareholders' of $16,934 (4.20%).

Issued and outstanding share capital

As of August 21, 2014, 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. All options have expired as of August 21, 2014.

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

As of August 21, 2014, the Company has not issued any preferred shares.

RELATED PARTY TRANSACTIONS

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

Companies with common directors

The Company leased 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 three-month period ended June 30, 2014, the Company realized rental income of Nil (2013 - $2,443) from such lease, and, as at June 30, 2014, the Company had a related account receivable of $24,334 (2013 - $18,715). This lease was terminated in December 2013.

The Company leased 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 three-month period ended June 30, 2014, the Company realized rental income of Nil (2013 - $2,324) from this lease, and, as at June 30, 2013, the Company had a related account receivable of $28,642 (2013 - $23,299). This lease was terminated in December 2013.

Directors and key management personnel

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 Nil as at June 30, 2014 (2013 – $4,995), and professional fees in the amount of Nil for the three-month period ended June 30, 2014 (2013 – $6,000).

During the three-month period ended June 30, 2014, the Company paid director's fees in the amount of Nil (2013 – $1,500) and during the year ended March 31, 2014, the Company paid director's fees in the amount of $5,500 (2013 – $5,500) (Georges Durst $1,500, Donald Seal $1,500, Alfredo Pérez $1,000 and Martin Fontaine $1,500) resulting in accounts payable and accrued liabilities in the amount of $4,000 (Georges Durst $1,000, Donald Seal $1,000, Alfredo Pérez $1,000 and Martin Fontaine $1,000) as at June 30, 2014 (2013 – $1,500) (Georges Durst $500, Donald Seal $500 and Martin Fontaine $500).

The Company paid key management compensation in the amount of Nil for the three-month period ended June 30, 2014 (2013 - $2,218) to Georges Durst. These compensations were associated with his role as president and chief executive officer of the Company and resulted in accounts payable and accrued liabilities as at June 30, 2014 of $1,516 (2013 – $1,140).

OUTLOOK

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.

Statement of compliance

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the company and the notes thereto. The unaudited condensed consolidated interim financial statements have not been subject of a review or an audit by the company's auditors and have been approved by the Board of directors on August 21, 2014.

Basis of measurement

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

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

Functional and presentation currency

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

Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with IFRS. The Company's IFRS accounting policies presented in note 3 to the audited financial statements for the reporting year ended March 31, 2014 have been applied consistently and for the comparative information for the reporting of the three-month period end June 30, 2014.

Recent accounting pronouncements and amendments not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at June 30, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

- *IFRS 2 – Share-based payment*
- *IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation*

- *IFRS 9 – Financial Instruments: Classification and Measurement*
- *IAS 24 – Related party disclosures*
- *IAS 36 – Impairment of assets*
- *IAS 39 – Financial Instruments: Recognition and measurement*
- *IFRIC 21 – Levies*

More information on the future accounting changes is available in note 3 of the consolidated financial statements at March 31, 2014. 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

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

		June 30, 2014	March 31, 2014
		$	$
Loans and receivables	(2)	**660,983**	1,274,543
Other financial liabilities	(3)	**554,161**	550,787

(1) Includes loan receivable from a private company
(2) Includes cash, trade and other receivables, trade receivables from related parties and funds held in trust.
(3) Includes trade payables, trade payable to related parties and sales taxes payable.

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 three-month period ended June 30, 2014, 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.

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, trade payables, trade payables to related parties and sales taxes payable 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 held with banks as well as credit exposure on outstanding receivables. 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 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 receivables.

Liquidity risk

Liquidity risk arises through an excess of financial obligations over available financial assets 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 in time. The Company had a positive working capital of $124,407 as of June 30, 2014. 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 June 30, 2014:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	$	$	$	$	$
Trade and other payables	554,161	(554,161)	(554,161)	-	-

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 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.

Subsequent event

Subsequent to three-month period ended June 30, 2014, the Group redeemed 105,000 Class ''D'' preferred shares held by non-controlling interest.

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 August 21, 2014. 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