DEPLOY TECHNOLOGIES INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

31 July 2013 and 2012

(Expressed in U.S. Dollars)

JAMES STAFFORD

James Stafford, Inc.
Chartered Accountants
Suite 350 – 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
www.JamesStafford.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deploy Technologies Inc.

We have audited the accompanying financial statements of Deploy Technologies Inc. (the "Company") which comprise the statements of financial position as at 31 July 2013 and 2012 and the statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency for the years ended 31 July 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 July 2013 and 2012 and the results of its operations and its cash flows for the years ended 31 July 2013 and 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $434,889 during the year ended 31 July 2013 and had a deficit of $3,894,643 and a working capital deficit of $611,716 at 31 July 2013. Accordingly, the Company depends on its ability to secure additional financing to meet the Company's obligations as they fall due. These matters, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Other Matter

The financial statements as at and for the year ended 31 July 2012 have been restated, as detailed in Note 19 in the financial statements.

James Stafford

Chartered Accountants

Vancouver, Canada
3 December 2013

Deploy Technologies Inc. Statement 1

(A Development Stage Company)

Statements of Financial Position

(U.S. Dollars)

ASSETS		As at 31 July 2013		As at 31 July 2012
				(Note 19)
Current				
Cash and cash equivalents	$	1,913	$	2,682
Amounts receivable *(Note 5)*		11,108		31,680
Prepaid expenses		-		3,156
Available-for-sale securities *(Note 6)*		1		1
		13,022		37,519
Property, plant and equipment *(Note 7)*		69,666		94,508
Fleet management technology *(Note 8)*		37,687		30,000
	$	120,375	$	162,027
LIABILITIES				
Current				
Trade payables and accrued liabilities *(Note 10)*	$	265,906	$	133,159
Due to related parties *(Note 9)*		358,832		177,769
		624,738		310,928
Loans payable *(Note 11)*		91,100		51,781
		715,838		362,709
SHAREHOLDERS' DEFICIENCY				
Share Capital - *Statement 3* *(Note 12)*				
Authorized:				
100,000,000 Common Shares – Par Value $0.0001				
2,900,000 Class A Preferred Shares – No Par Value				
Issued and Outstanding:				
22,370,209 (31 July 2012 – 22,220,209) Common Shares		1,103		1,088
2,900,000 (31 July 2012 – 2,900,000) Preferred Shares		2,900		2,900
Contributed Surplus		3,277,011		3,222,935
Foreign Currency Translation Reserve		14,946		277
Warrant Reserve		2,685		29,316
Shares to be Issued *(Note 12)*		535		2,556
Deficit		(3,894,643)		(3,459,754)
		(595,463)		(200,682)
	$	120,375	$	162,027

Nature and Continuance of Operations *(Note 1)*, **Commitments and Contingency** *(Note 17)* and **Subsequent Events** *(Note 18)*

Approved and authorized for issue by the Board on 3 December 2013

ON BEHALF OF THE BOARD:

/s/ David Eppert , Director

/s/ Andre Thompson , Director

The accompanying notes are an integral part of these financial statements.

Deploy Technologies Inc.

(A Development Stage Company)

Statement 2

Statements of Loss and Comprehensive Loss

(U.S. Dollars)

		Year Ended 31 July		
		2013		2012
				(Note 19)
General and Administrative Expenses				
Accounting and legal *(Note 9)*	$	54,480	$	161,067
Advertisement		-		11,308
Bank charges and interest		4,887		4,171
Consulting fees *(Notes 9, 12 and 15)*		81,063		420,072
Depreciation and amortization *(Note 7)*		39,908		28,540
Dues and subscriptions		15,186		26,886
Filing fees		4,062		5,891
Management fees *(Notes 9, 12 and 15)*		101,857		212,396
Meals and entertainment		2,759		9,525
Office and administration		14,937		26,727
Penalties *(Note 10)*		70,000		-
Rent		17,882		22,522
Tools and materials		17,246		23,335
Transfer agent fees		9,387		5,800
Travel		797		1,250
Loss Before Other Items		(434,451)		(959,490)
Other Items				
Foreign exchange, net		(3,619)		(2,064)
Interest income		-		14
Loss on settlement of liabilities *(Notes 9, 12 and 15)*		-		(359,328)
Other income		3,181		31,448
Loss for the Year		(434,889)		(1,289,420)
Other Comprehensive Loss				
Foreign currency translation adjustment		14,669		4,489
Comprehensive Loss for the Year	$	(420,220)	$	(1,284,931)
Loss per Share - Basic and Fully Diluted	$	(0.019)	$	(0.052)
Comprehensive Loss per Share - Basic and Fully Diluted	$	(0.019)	$	(0.052)
Weighted Average Number of Shares Outstanding		22,329,469		24,900,085

Deploy Technologies Inc. <u>Statement 3</u>

(A Development Stage Company)

Statements of Changes in Shareholders' Deficiency

(U.S. Dollars)

	Share Capital									
	Common Shares		Class A Preferred Shares			Foreign Currency				
	Number	Amount	Number	Amount	Contributed Surplus	Translation Reserve	Warrant Reserve	Shares to be Issued	Deficit	Total
Balance – 31 July 2011 *(Note 19)*	44,638,769	$ 3,330	-	$ -	$ 2,063,949	$ (4,212)	$ -	$ 84,459	$ (2,170,334)	$ (22,808)
Issuance of shares for:										
- Cash *(Note 12)*	3,948,500	394	-	-	429,041	-	-	(84,459)	-	344,976
- Debt settlement for services rendered *(Notes 9, 12 and 15)*	2,567,377	258	-	-	747,028	-	-	-	-	747,286
- Settlement of loan *(Notes 11, 12 and 15)*	65,563	6	-	-	12,233	-	-	-	-	12,239
Conversion of common shares to Class A preferred shares *(Note 12)*	(29,000,000)	(2,900)	2,900,000	2,900	-	-	-	-	-	-
Share subscriptions received in advance *(Note 12)*	-	-	-	-	-	-	-	2,556	-	2,556
Value assigned to warrants *(Note 12)*	-	-	-	-	(29,316)	-	29,316	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	4,489	-	-	-	4,489
Loss for the year	-	-	-	-	-	-	-	-	(1,289,420)	(1,289,420)
Balance – 31 July 2012 *(Note 19)*	22,220,209	$ 1,088	2,900,000	$ 2,900	$ 3,222,935	$ 277	$ 29,316	$ 2,556	$ (3,459,754)	$ (200,682)
Issuance of shares for:										
- Cash *(Note 12)*	150,000	15	-	-	27,445	-	-	(2,021)	-	25,439
Value assigned to warrants *(Note 12)*	-	-	-	-	(2,685)	-	2,685	-	-	-
Expiry of warrants *(Note 12)*					29,316		(29,316)			
Foreign currency translation adjustment	-	-	-	-	-	14,669	-	-	-	14,669
Loss for the year	-	-	-	-	-	-	-	-	(434,889)	(434,889)
Balance – 31 July 2013	22,370,209	$ 1,103	2,900,000	$ 2,900	$ 3,277,011	$ 14,946	$ 2,685	$ 535	$ (3,894,643)	$ (595,463)

Deploy Technologies Inc. <u>Statement 4</u>

(A Development Stage Company)

Statements of Cash Flows

(U.S. Dollars)

	Year Ended 31 July	
Cash Resources Provided By (Used In)	2013	2012 *(Note 19)*
Operating Activities		
Loss for the year	$ (434,889)	$ (1,289,420)
Items not affecting cash:		
Accrued interest *(Note 11)*	3,416	1,834
Depreciation *(Note 7)*	39,908	28,540
Loss of settlement of liabilities *(Notes 9 and 12)*	-	359,328
Shares issued for services *(Notes 9 and 12)*	-	283,526
Foreign exchange	728	8,376
Amounts receivable	20,572	(30,676)
Prepaid expenses	3,156	-
Trade payables and accrued liabilities	132,747	125,926
Due to related parties	181,063	177,838
	(53,299)	(334,728)
Investing Activities		
Purchase of fleet management technology patent *(Note 8)*	(7,687)	-
Purchase of property, plant and equipment *(Note 7)*	(16,884)	(53,095)
	(24,571)	(53,095)
Financing Activities		
Common shares issued for cash *(Note 12)*	25,439	344,976
Share subscriptions received in advance *(Note 12)*	-	2,556
Proceeds received from loans *(Note 11)*	36,993	-
	62,432	347,532
Effect of exchange rate changes on cash and cash equivalents	14,669	4,489
Net Decrease in Cash and Cash Equivalents	(769)	(35,802)
Cash and cash equivalents – Beginning of year	2,682	38,484
Cash and Cash Equivalents - End of Year	$ 1,913	$ 2,682

Supplemental Disclosures with Respect to Cash Flows *(Note 15)*

1. Nature and Continuance of Operations

Deploy Technologies Inc. (the "Company") was originally incorporated on 5 November 1998 in the State of Delaware, USA, under the name Concept Development Group, Inc. In May 2004, the Company acquired 100% of Kaleidoscope Venture Capital, Inc. (formerly Vocalscape Networks, Inc.) ("Kaleidoscope") and changed its name to Vocalscape, Inc. In November 2005, the Company changed its name to Nevstar Precious Metals Inc. and in September 2008, the Company changed its name to Deploy Technologies Inc.

On 15 September 2010, the Company completed a merger with its newly incorporated and wholly-owned subsidiary, Deploy Acquisition Corp., a Nevada corporation, formed for the sole purpose of changing the Company's state of incorporation from the State of Delaware to the State of Nevada. Although Deploy Acquisition Corp. was the surviving corporation, upon the completion of the merger it assumed the name of the Company and all the assets, obligations and commitments of the Company. Concurrent with the merger, the authorized capital of the Company decreased to 100,000,000 common shares from 500,000,000 common shares.

The Company's Nevada Charter authorizes it to issued two classes of equity securities. Accordingly, on 29 September 2011, the Company increased its authorized capital to include 2,900,000 Class A preferred shares *(Note 12).*

The Company is a development stage company. The Company is devoting all of its present efforts to the development of its fleet management technology with the objective of generating revenue. The Company only recently commenced its planned principal operations, and, accordingly, it has generated no revenues to date. Since the Company is still attempting to develop its product, it has no product for market and it has generated no revenues from the sale of any finished product.

The head office and principal address of the Company is 19011 – 1153 56th Street, Delta, BC, V4L 2A2.

At 31 July 2013, the Company had cash and cash equivalents of $1,913 (31 July 2012 – $2,682) and a working capital deficit of $611,716 (31 July 2012 – $273,409). The Company incurred a net loss of $434,889 (31 July 2012 – $1,289,420) during the year ended 31 July 2013 and has a deficit of $3,894,643 (31 July 2012 – $3,459,754) at 31 July 2013. The cash and cash equivalents on hand at 31 July 2013 are not sufficient to meet the Company's planned corporate, administrative and development activities for the next 12 months. Additional financing will be required to meet the Company's obligations as they fall due. Management is aware, because of this uncertainty, there is significant doubt about its ability to continue as a going concern.

These full annual financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. The Company has no products which it can market and sell at this time and the development of its technology and product is still in the early stage. Consistent with other entities in the development stage, the Company has incurred operating losses since inception, is has generated no revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its development activities. The Company's ability to continue as a going concern is dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in future.

If the going concern assumption were not appropriate for these full annual financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications on the statement of financial position used, and such adjustments would be material.

2. Basis of Preparation

a) Basis of Presentation

These full annual financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. These financial statements are presented in US dollars except where otherwise indicated.

b) Statement of Compliance

These full annual financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended 31 July 2013.

c) Adoption of new and revised standards and interpretations

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 July 2013.

IFRS 9 "*Financial Instruments: Classification and Measurement*" is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

IFRS 12, *"Disclosure of Interests in Other Entities"* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.

IFRS 13, *"Fair Value Measurement"* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs.

IAS 19 (Amendment), "*Employee Benefits*" is effective for annual periods beginning on or after 1 January 2013 and revises recognition and measurement of post-employment benefits.

IAS 32, "*Financial Instruments: Presentation*" is effective for annual periods beginning on or after 1 January 2014 and 1 January 2013 that includes amendments that clarify the application of offsetting requirements and presentation of interest, dividends, loses and gains.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

3. Summary of Significant Accounting Policies – *Continued*

b) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

• Automobile	4 years
• Tools and equipment	3-4 years
• Furniture and office equipment	5 years
• Website development	3 years

c) Intangible Assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of intangible assets consists of the purchase price at the time of acquisition and any directly attributable cost of preparing the asset for its intended use.

Research costs are expensed as incurred. Development costs are expensed as incurred unless they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset.

Depreciation shall begin when the intangible asset is available for use or when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. No depreciation has been recorded as the Company is in development stage and the Fleet Management Technology has not been placed in use for the purpose of earning revenue as intended by management.

d) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents are included in this category of financial assets.

3. Summary of Significant Accounting Policies – *Continued*

d) Financial Assets – *Continued*

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset. Available-for-sale assets include short term investments in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

e) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

3. Summary of Significant Accounting Policies – *Continued*

f) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables, due to related parties and loans payable are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

g) De-recognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

h) Impairment of Non-Financial Assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

3. Summary of Significant Accounting Policies – *Continued*

h) Impairment of Non-Financial Assets – *Continued*

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

i) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

j) Foreign Currencies

The Company's presentation currency is the U.S. dollar and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. All assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Summary of Significant Accounting Policies – *Continued*

k) Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

l) Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

m) Change in Accounting Policy

The Company adopted IAS 1 (Amendment) *"Presentation of Financial Statements"* effective 1 August 2012, which includes amendments of items and other comprehensive income. The adoption of IAS 1 did not result in a significant impact on the Company's financial statements.

n) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current year's presentation.

4. Fair Value of Financial Instruments

Categories of financial instruments

		As at 31 July 2013		As at 31 July 2012
FINANCIAL ASSETS				
FVTPL, at fair value				
Cash and cash equivalents	$	1,913	$	2,682
Loans and receivables, at amortized cost				
Amounts receivable		-		4,564
Available-for-sale, at fair value				
Kaleidoscope (5,694 common shares)		1		1
Total financial assets	$	1,914	$	7,247
FINANCIAL LIABILITIES				
Other liabilities, at amortized cost				
Trade payables		164,754		120,196
Due to related parties		358,832		177,769
Loans payable		91,100		51,781
	$	614,686	$	349,746

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the short term maturity of these instruments and the nature of the loans.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 31 July 2013, the Company does not have any Level 3 financial instruments.

As at 31 July 2013		Level 1		Total
Financial assets at fair value				
Cash and cash equivalents	$	1,913	$	1,913
Available-for-sale		1		1
Total financial assets at fair value	$	1,914	$	1,914

4. Fair Value of Financial Instruments – *Continued*

As at 31 July 2012		Level 1		Total
Financial assets at fair value				
Cash and cash equivalents	$	2,682	$	2,682
Available-for-sale		1		1
Total financial assets at fair value	$	2,683	$	2,683

Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Company is not exposed to credit risk as it does not hold cash in excess of federally insured limits, with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk as it has a working capital deficit of $611,716 as at 31 July 2013. However, the Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the term deposits is limited.

Currency risk

The Company is exposed to currency risk by incurring expenditures and holding assets denominated in currencies in the Canadian dollar. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

Other risks

The Company is not exposed to other risks unless otherwise noted.

5. Amounts Receivable

		31 July 2013		31 July 2012
Harmonized Sales Tax / Goods and Services Tax receivable	$	11,108	$	$27,116
Other		-		4,564
Total	$	11,108	$	$31,680

6. Available-for-Sale Securities

	31 July 2013		31 July 2012	
	Cost	Fair Value	Cost	Fair Value
Kaleidoscope 5,694 (31 July 2012 – 5,694) common shares	$ 1	$ 1	$ 1	$ 1

7. Property, Plant and Equipment

	Automobile	Tools and equipment	Furniture and office equipment	Website development costs	Total
Cost					
Balance, 1 August 2012	$ 28,118	$ 82,660	$ 15,625	$ 13,071	$ 139,474
Additions	-	15,166	1,718	-	16,884
Foreign exchange adjustment	(665)	(2,174)	(434)	(310)	(3,583)
Balance, 31 July 2013	$ 27,453	$ 95,652	$ 16,909	$ 12,761	$ 152,775
Accumulated depreciation					
Balance, 1 August 2012	$ 16,244	$ 15,657	$ 4,845	$ 8,220	$ 44,966
Depreciation	7,003	23,605	4,959	4,341	39,908
Foreign exchange adjustment	(524)	(694)	(265)	(282)	(1,765)
Balance, 31 July 2013	$ 22,723	$ 38,568	$ 9,539	$ 12,279	$ 83,109
Net book value, 31 July 2013	$ 4,730	$ 57,084	$ 7,370	$ 482	$ 69,666

	Automobile	Tools and equipment	Furniture and office equipment	Website development costs	Total
Cost					
Balance, 1 August 2011	$ 27,468	$ 42,156	$ 7,146	$ 13,743	$ 90,513
Additions	1,994	42,272	8,829	-	53,095
Foreign exchange adjustment	(1,344)	(1,768)	(350)	(672)	(4,134)
Balance, 31 July 2012	$ 28,118	$ 82,660	$ 15,625	$ 13,071	$ 139,474
Accumulated depreciation					
Balance, 1 August 2011	$ 9,679	$ 2,639	$ 933	$ 4,060	$ 17,311
Depreciation	7,039	13,128	3,956	4,417	28,540
Foreign exchange adjustment	(474)	(110)	(44)	(257)	(885)
Balance, 31 July 2012	$ 16,244	$ 15,657	$ 4,845	$ 8,220	$ 44,966
Net book value, 31 July 2012	$ 11,874	$ 67,003	$ 10,780	$ 4,851	$ 94,508

8. Fleet Management Technology

On 10 November 2008, the Company acquired fleet management technology from a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, in exchange for the issuance of 30,000,000 common shares of the Company valued at $30,000. The technology is focusing on enabling organizations that use it to become more efficient, productive and profitable through the use of their fleet assets.

The fleet management technology was completed during the year ended 31 July 2012; however, no depreciation expense was recorded during the years ended 31 July 2013 and 2012 as the technology has not been placed in use for the purpose of earning revenue.

During the year ended 31 July 2013, an addition to the fleet management technology includes $7,687 incurred to obtain a Canadian PCT patent and for the application of other international patents.

8. Fleet Management Technology – *Continued*

On 6 April 2013, the Company entered into an agreement with a third party to receive an exclusive license to the Air Brake Monitor technology. This technology is to be incorporated with the fleet management technology in the development of marketable products. In exchange, the Company is obligated to make royalty payments of 15% of net sales relating to products utilizing the technology. During the year ended 31 July 2013, no related sales have been made by the Company and no development costs have been incurred by the Company *(Note 17)*.

9. Related Party Balances and Transactions

The key management personnel compensation for the years ended 31 July 2013 and 2012 is as follows:

	31 July 2013	31 July 2012
Accounting fees	$ 12,299	$ 24,943
Management and consulting fees	162,895	386,016
Total	$ 175,194	$ 410,959

Except as disclosed elsewhere in these full annual financial statements, related party transactions for the years ended 31 July 2013 and 2012 are as follows:

a) As at 31 July 2013, the amount due to related parties includes $204,608 (31 July 2012 - $91,100) payable to the Chief Executive Officer of the Company.

b) As at 31 July 2013, the amount due to related parties includes $144,488 (31 July 2012 - $86,669) payable to the Vice President of Operations of the Company.

c) As at 31 July 2013, the amount due to related parties includes $9,736 (31 July 2012 - $Nil) payable to a director of the Company.

d) As at 31 July 2013, included in loans payable is $18,691 (CAD$19,200) (31 July 2012 – CAD $19,200) payable to a company controlled by the Vice President of Operations of the Company. The loans are unsecured and bear interest at a rate of 5% per annum and are repayable by 31 July 2015. The total balance as at 31 July 2013 consists of principal and accrued interest of $18,691 (31 July 2012 - $19,145) and $3,241 (31 July 2012 - $2,380), respectively *(Note 11)*.

e) During the year ended 31 July 2013, management fees of $101,857 (2012 - $211,255) were paid/accrued to the Chief Executive Officer of the Company.

f) During the year ended 31 July 2013, consulting fees of $61,038 (2012 - $114,995) were paid/accrued to the Vice President of Operations of the Company.

g) During the year ended 31 July 2013, consulting fees of $Nil (2012 - $59,766) were paid/accrued to a company controlled by the Vice President of Corporate Development of the Company.

h) During the year ended 31 July 2013, accounting fees of $12,299 (2012 - $24,943) were paid/accrued to a director of the Company.

i) During the year ended 31 July 2013, the Company issued 20,000 units at a price of $0.20 per unit for total proceeds of $4,040 (CAD$4,000) to a company controlled by a director of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 per share for a period of 12 months from the date of issuance *(Note 12)*.

9. Related Party Balances and Transactions – *Continued*

j) During the year ended 31 July 2012, the Company issued 1,368,515 common shares valued at $420,902 (CAD$416,354) to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total, $119,162 (CAD$120,849) and $301,740 (CAD$295,505) relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 12 and 15)*.

k) During the year ended 31 July 2012, the Company issued 598,862 common shares valued at $175,035 (CAD$173,593) to a company controlled by the Vice President of Corporate Development of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total $58,728 (CAD$59,692) and $116,304 (CAD$113,901) relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 12 and 15)*.

l) During the year ended 31 July 2012, the Company issued 100,000 common shares to a director of the Company valued at $12,853 (CAD$13,000) related to accounting services rendered during the year ended 31 July 2012 *(Notes 12 and 15)*.

m) During the year ended 31 July 2012, the Company approved the exchange of 29,000,000 of its common shares for 2,900,000 of its newly authorized Class A preferred shares, as follows: 2,000,000 common shares owned by Force Options Inc., a private company owned by the Chief Executive Officer of the Company for 200,000 Class A preferred shares, and, 27,000,000 common shares owned by Trepped Enterprises Inc., a private company owned equally by the Chief Executive Officer of the Company and Vice President of Operations of the Company for 2,700,000 Class A preferred shares. The purpose of the exchange was to reduce the number of the Company's common shares classified as "builder's shares" by the Canadian National Stock Exchange and the British Columbia Securities Commission *(Note 12)*.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Trade Payables and Accrued Liabilities

	31 July 2013	31 July 2012
Trades payable	$ 164,754	$ 120,196
Accrued liabilities	101,152	12,963
Total	$ 265,906	$ 133,159

The Company is in the process of completing certain of and resolving issues related to its income tax filings and has accrued $70,000 during the year ended 31 July 2013 related to potential penalties associated with these filings (*Notes 13, 15 and 17)*.

11. Loans Payable

		31 July 2013		31 July 2012
On 1 August 2009, a third party issued a loan of CAD$1,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $973 (31 July 2012 - $997) and $195 (31 July 2012 - $149), respectively.	$	1,168	$	1,146
On 1 August 2009, a third party issued a loan of CAD$2,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $1,947 (31 July 2012 - $1,994) and $389 (31 July 2012 - $299), respectively.		2,336		2,293
On 19 November 2009, a third party issued a loan of CAD$3,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $2,921 (31 July 2012 - $2,991) and $540 (31 July 2012 - $403), respectively.		3,461		3,394
On 12 February 2010, a company controlled by the Vice President of Operations of the Company, issued a loan of CAD$15,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $14,602 (31 July 2012 - $14,957) and $2,616 (31 July 2012 - $1,950), respectively *(Note 9)*.		17,218		16,907
Subtotal	$	24,183	$	23,740

11. Loans Payable – *Continued*

		31 July 2013		31 July 2012
Balance carried forward	$	24,183	$	23,740
On 28 February 2010, a third party issued a loan of CAD$7,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $6,814 (31 July 2012 - $6,980) and $1,165 (31 July 2012 - $844), respectively.		7,979		7,824
On 26 March 2010, a third party issued a loan of CAD$14,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $13,629 (31 July 2012 - $13,959) and $2,281 (31 July 2012 - $1,640), respectively.		15,910		15,599
On 11 July 2010, a company controlled by the Vice President of Operations of the Company, issued a loan of CAD$4,200. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2014. During the year ended 31 July 2013, the loan was extended to be repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $4,089 (31 July 2012 - $4,188) and $625 (31 July 2012 - $430), respectively *(Note 9)*.		4,714		4,618
On 16 October 2012, a third party issued a loan of CAD$25,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $24,338 (31 July 2012 - $Nil) and $960 (31 July 2012 - $Nil), respectively.		25,298		-
Subtotal	$	78,084	$	51,781

11. Loans Payable – *Continued*

	31 July 2013	31 July 2012
Balance carried forward	$ 78,084	$ 51,781
On 20 November 2012, a third party issued a loan of CAD$10,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $9,735 (31 July 2012 - $Nil) and $337 (31 July 2012 - $Nil), respectively.	10,072	-
On 8 April 2013, a third party issued a loan of CAD$3,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2015. The balance as at 31 July 2013 consists of principal and accrued interest of $2,921 (31 July 2012 - $Nil) and $23 (31 July 2012 - $Nil), respectively.	2,944	-
Total	$ 91,100	$ 51,781

12. Share Capital

The Company's authorized share capital comprises 100,000,000 common shares, with a $0.0001 par value per share, and 2,900,000 Class A preferred shares, with no par value per share. Each Class A preferred share entitles the holder to 10 votes each.

Each Class A preferred share provides holders a right to receive dividends, as and if declared by the Company's board of directors, with the amount of such dividend determined by multiplying the dividend per share by 10 and a right to receive distributions, whether or not in liquidation, with the amount of such distribution determined by multiplying the distribution per share by 10. Each Class A preferred share can also be converted into 10 common shares at the election of the Company or the holder any time after two years following the date of issuance.

Issued and outstanding

a) On 15 May 2013, the Company issued 30,000 common shares for $0.10 (CAD$0.10) per share for cash proceeds of $2,949 (CAD$3,000).

b) On 30 January 2013, the Company issued 10,000 units at a price of $0.20 (CAD$0.20) per unit for cash proceeds of $1,993 (CAD$2,000) to a company controlled by a director of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 per share for a period of 12 months from the date of issuance *(Note 9)*.

c) On 9 September 2012, the Company issued 110,000 units at a price of $0.20 (CAD$0.20) per unit for cash proceeds of $22,518 (CAD$22,000). Of the 110,000 units issued, 10,000 units were issued to a company controlled by a director of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 per share for a period of 12 months from the date of issuance *(Note 9)*.

12. Share Capital – *Continued*

Issued and outstanding – *Continued*

d) During the year ended 31 July 2012, the Company issued 1,368,515 common shares valued at $420,902 (CAD$416,354) to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total, $119,162 (CAD$120,849) and $301,740 (CAD$295,505) relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 9 and 15)*.

e) During the year ended 31 July 2012, the Company issued 598,862 common shares valued at $175,035 (CAD$173,593) to a company controlled by the Vice President of Corporate Development of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total $58,728 (CAD$59,692) and $116,304 (CAD$113,901) relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 9 and 15)*.

f) On 20 July 2012, the Company issued 100,000 common shares to a Director of the Company valued at $12,853 (CAD$13,000) related to accounting services rendered during the year ended 31 July 2012 *(Notes 9 and 15)*.

g) On 20 July 2012, the Company issued 275,000 common shares valued at $35,346 (CAD$35,750) for consulting services rendered during the year ended 31 July 2012 *(Note 15)*.

h) On 15 May 2012, the Company issued 353,500 units at a price of $0.20 (CAD$0.20) per unit for cash proceeds of $70,495 (CAD$70,700). Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 per share for a period of 12 months from the date of issuance.

i) On 20 February 2012, the Company issued 130,000 common shares for $0.10 (CAD$0.10) per share for cash proceeds of $13,100 (CAD$13,000).

j) On 14 November 2011, the Company issued 65,563 common shares valued at $12,239 (CAD$12,457) to settle short-term loans valued at $6,338 (CAD$6,556). A loss of $5,901 was recognized to settle the short-term loan *(Note 15)*.

k) On 14 November 2011, the Company issued 2,065,000 common shares for $0.10 (CAD$0.10) per share for cash proceeds of $202,886 (CAD$206,500).

l) On 29 September 2011, the Company approved the exchange of 29,000,000 of its common shares for 2,900,000 of its newly authorized Class A preferred shares, as follows: 2,000,000 common shares owned by Force Options Inc., a private company owned by the Chief Executive Officer of the Company for 200,000 Class A preferred shares, and, 27,000,000 common shares owned by Trepped Enterprises Inc., a private company owned equally by the Chief Executive Officer of the Company and Vice President of Operations of the Company for 2,700,000 Class A preferred shares. The purpose of the exchange was to reduce the number of the Company's common shares classified as "builder's shares" by the Canadian National Stock Exchange and the British Columbia Securities Commission *(Note 9)*.

m) On 30 August 2011, the Company issued 1,400,000 common shares for $0.10 (CAD$0.10) per share for cash proceeds of $142,954 (CAD$140,000).

12. Share Capital – *Continued*

Issued and outstanding – *Continued*

n) On 30 August 2011, the Company issued 125,000 common Shares valued at $57,437 (CAD$56,250) for consulting services of $45,950 (CAD$45,000) rendered during the year ended 31 July 2011, and consulting services of $11,487 (CAD$11,250) rendered during the year ended 31 July 2012. A loss of $35,000 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Note 15)*.

o) On 30 August 2011, the Company issued 100,000 common Shares valued at $45,950 (CAD$45,000) for legal fees rendered during the year ended 31 July 2012 *(Note 15).*

Shares to be issued

During the year ended 31 July 2013, the Company received $Nil (31 July 2012 - $2,556 (CAD $2,560)) for the purchase of units, in which each unit consists of one common share and one share purchase warrant.

Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 July 2013 and 2012:

	31 July 2013			31 July 2012		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	353,500	$	0.40	-	$	-
Issued	120,000	$	0.40	353,500	$	0.40
Expired	(353,500)	$	0.40	-	$	-
Outstanding, end of year	120,000	$	0.40	353,500	$	0.40

During the year ended 31 July 2013, 353,500 share purchase warrants with an exercise price of $0.40 expired.

The weighted average fair value of the share purchase warrants granted during the year ended 31 July 2013 was estimated at $0.02 (31 July 2012: $0.08) per warrant at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

Year ended 31 July	2013	2012
Risk free interest rate	1.08 - 1.15%	1.08%
Expected life	1 year	1 year
Expected volatility	415.45 – 506.79%	512.87%
Expected dividend per share	-	-

The following table summarizes information regarding share purchase warrants outstanding as at 31 July 2013. Certain of these share purchase warrants expired subsequent to the year ended 31 July 2013 *(Note 18)*:

Number of warrants	Exercise price	Expiry date
110,000	$0.40	9 September 2013
10,000	$0.40	30 January 2014
120,000		

13. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2013		2012
				(Note 19)
Net loss for the year	$	434,889	$	1,289,420
Federal and state income tax rates		35%		35%
Expected income tax recovery	$	152,211	$	451,297
Permanent differences		(1,100)		(1,666)
Change in valuation allowance		(151,111)		(449,631)
Total income tax recovery	$	-	$	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

		As at 31 July 2013		As at 31 July 2012
				(Note 19)
Deferred income tax assets				
Net income tax operating loss carry forward	$	2,498,470	$	2,066,727
Statutory federal income tax rate		35%		35%
Effective income tax rate		0%		0%
Deferred income tax asset		874,465		723,354
Valuation allowance		(874,465)		(723,354)
Net future income tax assets	$	-	$	-

As at 31 July 2013, the Company has potential unused net operating losses for U.S. federal income tax purposes of approximately $2,498,470 that are available to offset future taxable income, which, if unutilized, will expire as follows:

2028	$	82,726
2029		104,752
2030		163,060
2031		431,531
2032		1,284,658
2033		431,743
Total	$	2,498,470

The Company is in the process of completing certain of and resolving issues related to its income tax filings and has accrued $70,000 during the year ended 31 July 2013 related to potential penalties associated with these filings (*Notes 10, 15 and 17).*

14. Capital Disclosure

The capital structure of the Company consists of loans payable and equity attributable to common shareholders, comprised of issued capital, contributed surplus, shares to be issued, foreign currency translation reserve and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

There were no changes in the Company's approach to capital management during the year ended 31 July 2013 compared to the year ended 31 July 2012. The Company is not subject to externally imposed capital requirements.

15. Supplemental Disclosures with Respect to Cash Flows

	Year Ended 31 July	
	2013	2012
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

During the year ended 31 July 2013, the Company accrued a total of $3,416 (31 July 2012 - $1,834) of interest expense related to the loans payable *(Note 11)*.

The Company is in the process of completing certain of and resolving issues related to its income tax filings and has accrued $70,000 during the year ended 31 July 2013 related to potential penalties associated with these filings (*Notes 10, 13 and 17).*

During the year ended 31 July 2012, the Company issued 1,368,515 common shares valued at $420,902 (CAD$416,354) to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total, $119,162 (CAD$120,849) and $301,740 (CAD$295,505) relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 9 and 12)*.

During the year ended 31 July 2012, the Company issued 598,862 common shares valued at $175,035 (CAD$173,593) to a company controlled by the Vice President of Corporate Development of the Company as settlement of debts related to management and consulting services rendered to the Company. Of the total $58,728 (CAD$59,692) and $116,304 (CAD$113,901) relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 9 and 12)*.

On 20 July 2012, the Company issued 100,000 common shares to a Director of the Company valued at $12,853 (CAD$13,000) related to accounting services rendered during the year ended 31 July 2012 *(Notes 9 and 12)*.

On 20 July 2012, the Company issued 275,000 common shares valued at $35,346 (CAD$35,750) for consulting services rendered during the year ended 31 July 2012 *(Note 12)*.

15. Supplemental Disclosures with Respect to Cash Flows – *Continued*

On 14 November 2011, the Company issued 65,563 common shares valued at $12,239 (CAD$12,457) to settle short-term loans valued at $6,338 (CAD$6,556). A loss of $5,901 was recognized to settle the short-term loan *(Note 12).*

On 30 August 2011, the Company issued 125,000 common shares valued at $56,250 for consulting services of $45,950 (CAD$45,000) rendered during the year ended 31 July 2011, and consulting services of $11,487 (CAD$11,250) rendered during the year ended 31 July 2012. A loss of $35,000 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Note 12)*.

On 30 August 2011, the Company issued 100,000 common shares valued at $45,950 (CAD$45,000) for legal fees rendered during the year ended 31 July 2012 *(Note 12).*

16. Segmented Information

The Company conducts its business as a single operating segment in Canada. All property, plant and equipment and fleet management technology are situated in Canada.

17. Commitments and Contingency

On 6 April 2013, the Company entered into an agreement with a third party to receive an exclusive license to the Air Brake Monitor technology. This technology is to be incorporated with the fleet management technology in the development of marketable products. In exchange, the Company is obligated to make royalty payments of 15% of net sales relating to products utilizing the technology. During the year ended 31 July 2013, no related sales have been made and no development costs have been incurred by the Company *(Note 8)*.

The Company is committed to making repayments related to its loans payable *(Note 11).*

The Company is in the process of completing certain of its income tax filings and has accrued $70,000 during the year ended 31 July 2013 related to potential penalties associated with these filings *(Notes 10 and 15).*

18. Subsequent Events

The following events occurred during the period from the year ended 31 July 2013 to the date these full annual financial statements were available to be issued on 3 December 2013:

a) On 12 August 2013, a company controlled by a director of the Company issued a loan of CAD$3,000 to the Company. The loan is unsecured, bears interest at a rate of 5% per annum and is repayable by 30 November 2013. The Company is in the process of renegotiating certain terms of this loan.

b) On 12 August 2013, the Vice President of Operations of the Company issued a loan of CAD$3,500 to the Company. The loan is unsecured, bears interest at a rate of 5% per annum and is repayable by 30 November 2013. The Company is in the process of renegotiating certain terms of this loan.

c) On 14 August 2013, a director of the Company issued a loan of CAD$3,500 to the Company. The loan is unsecured, bears interest at a rate of 5% per annum and is repayable by 30 November 2013. The Company is in the process of renegotiating certain terms of this loan.

d) On 8 September 2013, the Company entered into a Master Telecommunications Supply agreement with a third party to utilize a management platform, which connects devices via a single management interface.

e) On 9 September 2013, a total of 110,000 share purchase warrants with an exercise price of $0.40 expired unexercised (*Note 12*).

f) On 16 September 2013, the Company issued 20,000 common shares for $0.10 per share for cash proceeds of CAD$2,000.

g) On 15 October 2013, the Company issued 150,000 common shares for $0.10 per share for cash proceeds of $15,000.

h) On 31 October 2013, the Company issued 70,000 common shares for $0.10 per share for cash proceeds of CAD$7,000.

i) On 21 November 2013, the Company issued 250,000 common shares valued at $0.10 per share to settle a loan payable valued at CAD$25,000.

19. Restatement

The financial statements for the year ended 31 July 2012 have been restated to reflect the issuance of 353,500 share purchase warrants within a separate component of equity and other regroupings within equity related to foreign exchange.

The effects of the restatement are summarized as follows:

	As previously reported	Adjustments	As restated
Opening equity as at 1 August 2011			
Share capital	$ 4,462	$ (1,132)	$ 3,330
Contributed surplus	2,091,216	(27,267)	2,063,949
Foreign currency translation reserve	(41,967)	37,755	(4,212)
Shares to be issued	80,560	3,899	84,459
Deficit	(2,157,079)	(13,255)	(2,170,334)
Ending equity as at 31 July 2012			
Share capital	2,220	(1,132)	1,088
Contributed surplus	3,273,162	(50,227)	3,222,935
Foreign currency translation reserve	(49,571)	49,848	277
Warrant reserve	-	29,316	29,316
Shares to be issued	2,560	(4)	2,556
Deficit	$ (3,431,953)	$ (27,801)	$ (3,459,754)

The net effect of the above adjustments on equity as at 1 August 2011 and 31 July 2012 is $Nil.

The above adjustments resulted in an increase in net loss of $14,546, a decrease in net comprehensive loss of $12,093 and an increase in loss per share of $0.01 during the year ended 31 July 2012.