

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE MONTHS ENDING FEBRUARY 29, 2012**

**FORM 51-102F1**

**Date and Subject of Report**

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of VisualVault Corporation (formerly Manuweb Software Systems Inc. (the "Company")) for the three months ended February 29, 2012. The MD&A should be read in conjunction with the unaudited interim financial statements as at February 29, 2012. The MD&A has been prepared effective April 27, 2012.

**SCOPE OF ANALYSIS**

The following is a discussion and analysis of VisualVault Corporation (formerly Manuweb Software Systems Inc.) (the "Company"), which was incorporated on June 11, 2010, under the laws of the Province of British Columbia. The Company's head office is located at 1140-1185 West Georgia Street, Vancouver, B.C. V6E 4E6. The Company reports its financial results in Canadian dollars and under Canadian generally accepted accounting principles.

As a result of an acquisition and share exchange completed concurrently with listing on the CNSX, the Company acquired 10% of the issued and outstanding shares of Advantive Information Management, Inc. (AIM). A total of 8,958,000 pre-consolidated (1,279,714 post consolidated) common shares of the Company were issued to acquire 100,000 common shares of AIM.

On July 20, 2011, the Company announced its intention to acquire the remaining 90% (or 900,000 common shares) of AIM for a total of 68,146,000 common shares. The Company also proposed a consolidation of its capital on a 7:1 basis and therefore the total number of post consolidated shares contemplated for issuance in the acquisition of AIM, would be 9,735,142. The consolidation has been effected at the date of this MD&A.

Subsequent to the consolidation, the Company proposed to acquire 100% of Visual Vault Technologies, Inc., (VVT) a British Columbia corporation, in consideration of the issuance of 13,275,000 post-consolidated common shares of the Company and the assumption of VVT's obligations to Auersoft LLC of Mesa. VVT agreed to acquire substantially all of the assets of Auersoft LLC for a total of \$5,562,500, of which \$5,000,000 was to be paid in cash over three installments and the balance by way of a promissory note, convertible into 11,725,000 post consolidated common shares of the Company.

At a shareholders meeting held on December 7, 2011, shareholders approved the acquisition of AIM, the consolidation and the acquisition of VVT. The CNSX also approved the transaction. On January 16, 2012, the Company changed its name and completed the consolidation. As the date of this MD&A the trading symbol for the Company is now VVT, which trades on a post-

consolidated basis. Insofar as these transactions occurred subsequent to the quarter ending November 30, 2011 but during the reporting period of this MD&A, they are further described in Subsequent Events. No shares have been issued pursuant to the transactions noted above as at the date of this MD&A. The Company did not close the transaction as contemplated however extensions have been granted and are referred to in subsequent sections of this MD&A.

## **FORWARD LOOKING STATEMENTS**

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words ‘believes,’ ‘expects,’ ‘anticipates,’ ‘estimates,’ ‘intends,’ ‘plans,’ ‘forecasts,’ or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

### **General**

The Company was incorporated on June 11, 2010. The Company was a British Columbia company and a wholly-owned subsidiary of Tulox Resources Inc. (“TUX”), a reporting issuer listed for trading on CNSX, until August 6, 2010. The Company commenced commercial operations by acquiring a license from AIM to market and distribute AIM’s software and services in Canada. On May 5, 2011, the Company expanding its operations from that of a licensee of the AIM software to a partial owner of the AIM and completed an acquisition of 10% of the issued and outstanding shares of AIM for and in consideration of 8,958,000 common shares of the Company. The Company also raised a total of \$97,000 by way of the issuance of common shares at a price of \$.05 per share, issuing a total of 1,940,000 common shares. In addition, the Company raised a further \$50,000 by way of the exercise of stock options by issuing a total of 1,000,000 common shares at a price of \$.05 per share.

The Company has entered into a Letter of Intent with Advantive Information Management, Inc. (“AIM”), dated September 28, 2010, whereby the Company set out its intent to consolidate its issued and outstanding share capital on a 2:1 basis, such that the total number of common shares of the Company will be reduced from 6,038,667 common shares to 3,019,333 common shares. The proposed consolidation was never effected.

Subsequently and after listing on the CNSX, the Company, proposed to consolidate its capital on a 7:1 basis. On December 7, 2011 the Company held a shareholder meeting and obtained approval for the consolidation, which has now been effected. The Company also received approval to issue 9,735,142 common post-consolidated common shares to acquire the remaining

90% of AIM. No shares have been issued with respect to the acquisition, as at the date of this MD&A. The Company has however completed its consolidation of capital and now trades on the CNSX on a post-consolidated basis with the trading symbol, VVT.

On October 16, 2011, the Company signed a share exchange agreement to purchase 100% of the issued and outstanding shares of VVT for 13,275,000 post consolidated common shares of the Company and the assumption of VVT's obligations to purchase the assets of Auersoft LLC. The terms of agreement between VVT and Auersoft LLC total \$5,562,500, payable by way of \$5,000,000 in cash over nine months and \$562,500 by way of a convertible promissory note, convertible into 11,725,000 post-consolidated common shares to be issued on December 31, 2012. Shareholders approved the transaction on December 7, 2011. No shares have been issued on the transaction at the date of this MD&A.

AIM provides unique information technology solutions and services to select vertical markets. AIM's vision is to build an IT services business by leveraging an initial strength in a specialized data protection and recovery practice focused on the enterprise manufacturing market. Growth will then be achieved organically and by acquiring synergistic IT services businesses, IP, and products over the next two years, taking advantage of a of high quality undervalued IT services business in a nascent economic recovery period. AIM was formed to make strategic acquisitions in the IT services market based upon the diminished valuation of companies in this sector that as a result of a recessionary economy were struggling financially yet whose technologies, products or services represented exceptional opportunities when offered as an integral part of a "service wrap" offering. AIM is not a product enterprise, but rather a unique service based enterprise, using exceptional IT tools covering broad cross-sectional information requirements to create integrated user based multi-disciplined offerings for its customers.

AIM's flagship tool, R2 Software, was acquired from R2 Software A/S in 2010 and provides the unique ability to continuously back up mission critical data across multiple legacy operating systems. This is of particular importance in manufacturing environments comprised of long-lived assets, where legacy operating systems are commonly used and downtime is unacceptable. R2 has been proven for use at a Tier 1 global manufacturer with over 3000 client installations. Strategically, there is a pivot point on the R2 technology for AIM. AIM's strategy is to pursue the IT service business instead of pursuing a very expensive and highly risky software product business strategy.

With the proposed acquisition of VVT, management intends to focus the expenditure of capital resources on expanding the VVT product offering and seeking out other undervalued IT services companies. Capital expenditures on R2 software will be minimal during the following twelve months.

VVT will subsequent to closing own the brand, software, trademarks and other assets as publisher and developer of the web-based document management application known more particularly as VisualVault™. VisualVault solutions provide users with the tools they need to capture, manage, integrate with their workflow, and meet compliance requirements in an easy to configure and cost effective Software as a Service (SaaS) cloud architecture. VisualVault provides SaaS secure document management and compliance cloud services.

VVT intends to pursue a joint path of SaaS and PaaS (platform as a service). The former will be focused on more generic Regulatory Compliance and Risk Management. SME organizations (such as records management, medical records, financial services, etc.) will leverage PaaS and will be able to build upon a lightly-branded version of the product within their own domain expertise.

This business model works as the document management marketplace has such a ubiquitous horizontal market with a significant number of use cases. Furthermore, each of the vertical markets may be better served by SME's. This offsets the costs required to become "something for everyone", whereas VisualVault can focus on platform development, technology and automating the customer acquisition process.

### **The Company's Business:**

The Company is a Vancouver British Columbia based public company and its shares trade on the Canadian National Stock Exchange (CNSX: VVT). After closing the acquisitions noted above, the Company will have two wholly-owned operating subsidiaries; Advantive Information Management (AIM) and VisualVault Technologies, Inc. (VisualVault), each operating as independent subsidiaries.



Manuweb was incorporated as "Manuweb Software Systems Inc." pursuant to the *Business Corporations Act* (British Columbia) on June 11, 2010. At the time of incorporation, Manuweb was a private company and a wholly-owned subsidiary of Tulox Resources Ltd. ("TUX"). On August 5, 2010, TUX received shareholder approval to a plan of arrangement involving six of its wholly-owned subsidiaries, including Manuweb. On August 6, 2010, TUX received final approval from the Supreme Court of British Columbia to the plan of arrangement. To effect the plan of arrangement, TUX transferred \$15,000 cash and all of its interest in and to a sales and marketing agreement with Advantive Information Management, Inc., dated July 15, 2010, to Manuweb in exchange for the TUX shareholders receiving that number of common shares of Manuweb equal to the number of issued and outstanding common shares of TUX at the time of the share distribution date. As a result of the plan of arrangement, Manuweb became a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Manuweb obtained approval at a shareholders meeting held on December 7, 2011 to change its name to VisualVault Corporation (VVC), consolidate its capital on a 7:1 basis, acquire VVT and acquire the remaining 90% of AIM. Upon closing of the transactions including the issuance of the shares, the Company will have two operating subsidiaries, AIM and VVT.

## **Description of the Business**

Since incorporation, the Company has had no history of operations other than entering into non-binding Letters of Intent to acquire VVT and the remaining 900,000 common shares of AIM.

On September 28, 2010, the Company entered into a non-binding letter of intent with AIM, whereby the Company set out its intent to acquire, initially, 100,000 common shares of AIM. In May 2011, the Company acquired 10% of the issued and outstanding share capital of AIM from certain shareholders of AIM in exchange for issuing 8,958,000 shares of the Company.

The Company has the additional option to acquire the remaining 900,000 issued and outstanding common shares of AIM and will subject to shareholder approval issue 9,735,142 post consolidated common shares therefore. The Company has disclosed its intention to exercise its option in this regard.

## **Visual Vault Technologies, Inc. - Strategies and Tactics**

The Company has formed an Arizona subsidiary that will upon closing of the transaction, become the operating entity and the employer of VVT staff.

The Company will spend all of its capital resources over the following twelve months, concluding the acquisition of VVT and financing expansion of the marketing and sales plans as follows;

Revenue streams for VVT are:

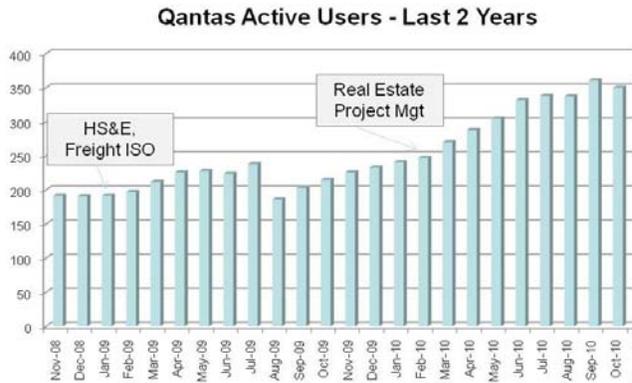
- Direct Hosting Subscription Fees
- Managed Hosting Fees
- Storage Surcharges
- Unique Features such as Server-Side OCR/Viewer and ADAM LDAP VPN connections
- OEM agreements
- Add-Ins with royalty rights for 3<sup>rd</sup>-Party enabled sales
- VIP Customizations

## **Existing VVT Customer Profile:**

**Cardiocre:** The first company to conduct a detailed assessment of competitive products with the goal of creating a web based clinical study set-up and data collection platform. MS

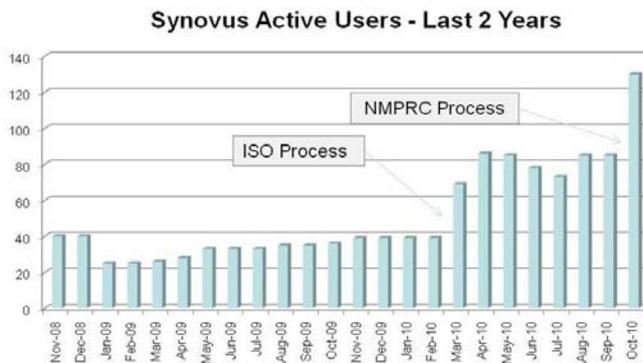
Sharepoint, FileNet, Documentum and VisualVault were compared with respect to FDA compliance requirements and automation to achieve their vision.

**Qantas Airlines:** VisualVault was evaluated to establish Property Management and compliance



over the 640+ properties including offices, concourses and aircraft maintenance hangers and to provide key information on demand to their staff and external contractors. This group within Qantas Shared Services pursued external suppliers capable of application hosting due to the backlog of internal IT projects.

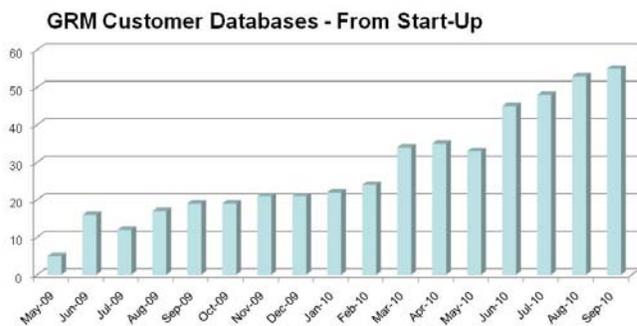
**Synovus Financial Corporation:** Synovus has proven the potential for growth based upon



Currently working on Enterprise Risk Mgt, Incident Reporting & FDIC Complaint Processes which will add +100 users

incremental process efficiencies. Originally selected to support Credit Card Risk Management in a local branch office, VisualVault has expanded to Synovus Corporate and may eliminate two existing applications used for Risk Management and Compliance. Synovus will

support VisualVault achieving PCI (Plastic Card Information) compliance to allow storage of increased customer personal information and is requesting long term enterprise agreement. The business case for this latter request has not yet been established.



**GRM Information Services:** GRM is proof positive that a traditional business model, in this case traditional records management, can be digitally powered to provide a broader and richer portfolio of products and services. GRM also represents the VisualVault SaaS model of providing a wholesale approach to organizations that have domain

expertise and access to clients to expand use and product utility.

Through these and several other client opportunities, VisualVault has successfully transitioned from a ISV providing shrink-wrapped software to a application service provider with high client satisfaction, strong customer relationships and a business model that combines both direct SaaS to clients and next generation SaaS to organizations that provide SaaS to their clients.

**SociaVault:** VisualVault utilized the portal & platform capability of VisualVault in the development of an Arizona Department of Gaming database solution for problem gambling. The intent was to bring together the Office of Problem Gambling oversight, payment and invoicing needs with behavioural health specialists who treat the affliction with clients. VisualVault branded this as a



new product – SociaVault PG – which was modified and deployed to the State of California in December 2010.



VisualVault has since learned that the Department of Alcohol and Drug Programs may request VisualVault to develop a similar system for their needs.

## Business Development, Sales, and Marketing

Business development is planned in three phases:

### Phase 1

- The current operating plan is to leverage the Hybrid SaaS model for greater client adoption and positioning as a wholesale platform for subject matter portals.
- Drive near-term revenue from “adjacent ponds” to current customer based and use models – pursue and close similar companies to our current users.

### Phase 2

- Introduce the ability for client acquisition through web tools, including sign up and configuration.

### Phase 3

- Introduce a platform neutral approach with richer document management features to provide full enterprise scale SaaS.

## **Market Opportunities:**

Primary vertical markets can be identified as the following and each market will have its own business development marketer and support. Each should have responsibility for establishing OEM – PaaS clients, migration of large enterprise clients and web marketing presence.

- Healthcare
- Oil, Gas & Utilities
- Financial Services
- Pharma, Bio-Science and Clinical Study CRO's
- Technology – including medical device

## **RESULTS OF OPERATIONS – Three Months Ended February 29, 2012: VisualVault Corporation (formerly Manuweb Software Systems, Inc.)**

Results of operations are reported on a comparative basis comparative with the year ended May 31, 2012.

The Company did not earn any income during the three months ended February 29, 2012.

For three months ended February 29, 2012, the Company recorded an operating loss of \$10,453 comprised of interest and bank charges of \$104, professional fees of \$7,280, transfer agent fees of \$3,069 and consulting fees of \$2,500

The fully diluted loss per share outstanding as at February 29, 2012 was \$.00 per share calculated on 2,562,381 consolidated common shares outstanding.

## **FINANCIAL POSITION:**

The financial position as at February 29, 2012 is reported on a comparative basis with the year ended May 31, 2011.

As at February 29, 2012, the Company had working capital of \$31,984, represented by cash on hand of \$28,070 and amounts due from a related party of \$376,080 and HST taxes receivable of \$4,007

The Company also recorded its investment in AIM based upon the issuance of 8,958,000 common shares at a price of \$.05 per share for a total value of \$447,900. The 8,958,000 common shares were issued at a deemed price of \$.05 per share however the transaction was booked at the last recorded market price of \$.02 and the difference, being \$289,857 was credited to contributed surplus.

No options were exercised granted or exercised during the three months ending February 29 2012.

## SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

	Year Ended May 31, 2011	Year ended May 31, 2010	May 31, 2009
Total Revenue	\$ --	\$ --	\$ --
Interest income	--	--	--
Expenses	\$135,851	--	--
Net loss	(\$135,851)	--	--
Total assets	\$508,542	--	--
Total long-term liabilities	--	--	--
Net loss per share (basic and diluted)	(\$.01)	--	--

## SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the four most recent quarters as the Company was only incorporated since June 11, 2010.

	February 29, 2012	Three months ended November 30, 2011	August 31, 2011	February 28, 2011
Total Revenue	\$ --	\$ --	\$ --	\$ --
Interest income	--	--	--	--
Expenses	\$10,453	\$9,007	\$5,666	\$2,771
Net loss	(\$10,453)	(\$9,007)	(\$5,666)	(\$2,771)
Net loss per share and diluted loss per share	\$.00	\$.00	\$.00	\$.00

## **LIQUIDITY:**

- (a) The Company intends to complete a minimum \$1.0 mm non-brokered private placement to finance the first installment of its purchase price for the Auersoft LLC assets and to provide for working capital. The balance of the purchase price will be financed by way of both strategic private placements and other equity investments.
- (b) Other than as set forth herein, there are no expected fluctuations in the Company's liquidity, taking into account demands, commitments, events or uncertainties.
- (c) The funds received by the Company pursuant to the proposed \$1.0 mm private placement, should provide it with the capital necessary for general and administrative expenses and for working capital purposes. The Company anticipates that such funds will be sufficient for its working capital requirements for the forthcoming 6-month period.
- (d) The Company does not currently have any liquidity risks associated with financial instruments.
- (e) The Company does not currently expect to have a working capital deficiency after it has completed the planned private placements of \$1.0 mm. However, if additional working capital is required in the future, the Company expects to meet such need through additional equity financing(s).
- (f) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.
- (g) The Company does not presently have any subsidiaries however on closing of the transactions referred to herein, both VVT and AIM will be wholly owned subsidiaries.
- (h) There are currently no defaults or arrears by the Company on dividend payments, lease payments, interest or principal payment on debt, debt covenants; and redemption or retraction or sinking fund payments.

## **CAPITAL RESOURCES**

- a) The Company is committed to its purchase of the assets of Auersoft LLC which requires the payment of a total of \$5mm over a nine month period with the first payment of \$300k due on April 30, 2012, \$200,000 due on June 30, 2012 and the balance due on November 30, 2012
- b) The Company intends to fund the proposed acquisitions noted above with periodic brokered private placements. Pricing of the private placements will depend wholly upon the market price of the Company's shares at the time of such placements.
- (c) There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

## **OFF BALANCE SHEET ARRANGEMENTS**

As at April 27, 2012 the Company had no off-balance sheet arrangements other than as disclosed above with respect to the VVT acquisition.

## **PROPOSED TRANSACTIONS**

Except for the transformation of its Business Plan into a Strategic and Tactical Plan regarding the acquisition of AIM and VVT, the Company does not have any other proposed transactions to discuss at this time.

Specifically with respect to two subsequent events disclosed in the audited financial statements the following comments are made;

- a) Acquisition of AIM: The Company has obtained shareholder and regulatory approval to acquire the remaining 90% interest in AIM for and in consideration of 9,735,142 post consolidated common shares. No shares have been issued pursuant to this transaction as at January 27, 2012
- b) Acquisition of VVT: The Company has obtained shareholder and regulatory approval to acquire 100% of the shares of VVT. The consideration for the purchase is 13,725,000 common shares of the Company and the assumption of VVT's obligation to Auersoft LLC with respect to the purchase of Auersoft assets. The Company has agreed to assume VVT's financial obligation in the amount of \$5,562,500 payable as to \$300,000 on April 30, 2012, \$200,000 on June 30, 2012 and \$4,500,000 on or before November 30, 2012 and \$562,500 payable on or before December 31, 2012 convertible into 11,725,000 common shares of the Company.

- c) Consolidation of Capital and Name Change: The Company obtained shareholder and regulatory approval to a 7:1 consolidation of its capital subsequent to the quarter ending. The Company effected on the consolidation in January 2012 and now trades on a consolidated basis under the trading symbol, VVT. As at April 27, 2012 there are 2,562,381 common shares issued and outstanding.
- d) The Company also obtained shareholder approval to change its name to VisualVault Corporation. The Company's name change has been effected.

## **TRANSACTIONS WITH RELATED PARTIES**

- a. The Plan of Arrangement provided for the transfer of the Licensing Agreement from Tulox to the Company, as a wholly owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Tulox. The shareholders of Tulox at the time of the Plan of Arrangement continued to collectively own the Licensing Agreement, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the Licensing Agreement at the time that it was assigned to the Company, the transfer must be recorded under Canadian generally accepted accounting principles using the historical carrying values of the Licensing Agreement in the accounts of Tulox which was \$Nil at the time of the transfer. The Licensing Agreement has since been replaced with the initial acquisition of 10% of AIM and will be further replaced with the final acquisition of the remaining 90% of AIM upon closing of the approved acquisition.
- b. During the quarter ending February 29, 2012, the Company advanced \$187,037 to Advantive Information Management Inc. As at February 29, 2012 the Company owned 10% of the issued and outstanding shares of Advantive. On December 7, 2011 shareholders approved the acquisition of the remaining 90%. No shares have yet to be issued pursuant to the acquisition.
- c. After the completion of the Plan of Arrangement Agreement, the Company paid and accrued a consulting fees of \$15,000 plus taxes to Tulox for services provided in spinning off Tulox's interest in the Licensing Agreement to a separate entity. As of February 29, 2012, the Company still owed Tulox \$1,800 with respect to this service.
- d. As of February 29, 2012, the Company owed \$20 to Tulox with respect to funds advanced in order to cover monthly bank charges. The loan is non-interest bearing and has no fixed term of repayment.

- e. During the period ended February 29, 2012, the Company accrued to a former director and officer \$3,500.00 with respect to accounting services provided of which \$1,000 remains unpaid.

## OUTSTANDING SHARE DATA

Authorized:                    unlimited common shares without par value  
                                      unlimited preferred shares without par value

Issued and Outstanding:

	Number of Shares	Amount
Common share issued on incorporation	1	\$ 1
Cancellation of incorporator share	(1)	(1)
Issuance of shares in pursuant of Plan of Arrangement	6,038,667	15,000
Issued in respect of the acquisition of AIM	8,958,000	
\$179,160		
Issued for cash	1,940,000	
\$97,000		
Exercise of options	1,000,000	
\$50,000		
<b>Balance as at August 31, 2012</b>	<b>17,936,667</b>	<b>\$ 341,160</b>
Consolidation 7:1 as at April 27, 2012	2,562,381	\$ 341,160

Stock Options:

No stock options were granted or issued during the period.

## CONTINGENCIES

Except for the commitments mentioned in Liquidity subsection (b), there are no other contingencies outstanding as of date of this discussion.

## **SUBSEQUENT EVENTS**

Subsequent to February 29, 2012, there were three material subsequent events, as more particularly disclosed in the Proposed Transactions Section of this MD&A, that were approved by shareholders. No shares have been issued pursuant to the acquisitions as at April 27, 2012.

Additionally, the Company appointed Steven Hanson to the Board and Chairman and Brent Bollong to the Board as a director

## **CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

The Chief Financial Officer, is responsible for establishing and maintaining effective disclosure controls and procedures for the Company as defined in National Instrument 52-109 *Certification of Disclosure in Annual and Interim Filings*. Management has concluded that as of October 28, 2011, discussion of disclosure controls and procedures is preemptive; however, once operations begin, such controls will be effective enough to provide reasonable assurance that material information relating to the Company would be known, particularly during the period in which reports are being prepared.

### **Internal Control over Financial Reporting**

The Chief Financial Officer is responsible for establishing and maintaining effective internal control over financial reporting as defined in National Instrument 52-109. Because of its inherent limitations, internal control over financial reporting may have material weaknesses and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that internal control over financial reporting will be effective. The design and operation of internal control over financial reporting will provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

Internal control over financial reporting will include those policies and procedures that establish the following: maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets; reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable generally accepted accounting principles; receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets.

Management will design internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

### **Segregation of Duties**

Currently duties have not been segregated due to the small number of individuals involved in this start-up. This lack of segregation of duties has not resulted in any material misstatement to the financial statements.

As the Company incurs future growth, management plans to expand the number of individuals involved in the accounting and finance functions. At the present time, the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. In addition, the Audit Committee of the Company review on a quarterly basis the interim financial statements and key risks and will query management about significant transactions.

### **Complex and Non-Routine Transactions**

The Company may be required to record complex and non-routine transactions. These sometimes will be extremely technical in nature and require an in-depth understanding of Canadian GAAP. Finance staff will consult with their third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit will be completed and presented to the Audit Committee for its review and approval.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

### Statement of Compliance

The consolidated financial statements of the Company for the year ending May 31, 2012 will be prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian GAAP”). These condensed interim financial statements for the three month period ended February 29, 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company’s first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company’s second financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company’s most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However,

these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2011. The explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Notes 11 and 12. The condensed interim financial statements were authorized for issue by the Board of Directors on April 27, 2012.

## **FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company's consolidated financial statements for the year ending May 31, 2012 will be the first annual financial statements to be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was June 1, 2011 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be May 31, 2012.

Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre changeover Canadian GAAP.

The Company has determined that none of the mandatory exceptions listed in IFRS 1, Appendix B, item B1 were applicable and accordingly none of the mandatory exceptions were applied.

One optional exemption was applied.

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first time adopters certain exemptions from the retrospective application of certain IFRS.

The Company applied the following exemption:

### Share-based Payment Transactions

The exemption directs that a first-time adopter is encouraged, but not required, to apply IFRS 2 Share-based payment transactions to equity instruments that were granted on or before November 7, 2002. This exemption has been taken, since it restricts the time period for share-based payment review to November 7, 2002 forward.

Under a second exemption, options granted subsequent to November 7, 2002, which vested prior to the transition date, require no further review. The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Options unvested at the transition date would be subject to review. At the transition date, the Company had no unvested options. The Company expensed the vested portion of these options during the period options were granted prior to the transition date. No adjustment is required upon transition.

### **RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP FOR THE STATEMENTS OF FINANCIAL POSITION, STATEMENTS OF COMPREHENSIVE LOSS/INCOME AND STATEMENTS OF CASH FLOW TO IFRS**

IFRS 1 requires an entity to reconcile the statements of financial position, comprehensive loss /income and cash flows for prior periods from GAAP to IFRS. Upon review of the financial statements, there have been no material changes to the statement of financial position, statement of comprehensive income and the statements of cash flows. Accordingly, no reconciliations of the above statements have been provided.

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly accountable profit-oriented enterprises to use IFRS, replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will commence reporting in IFRS in the first quarter of the 2011 fiscal year, with comparative figures.

The Company has identified five major areas to date that will impact the financial statements under IFRS, including:

- foreign currency translation,
- reporting expenses either by nature or by function on the statement of operations,
- revenue recognition,
- stock based compensation, and
- first time adoption of IFRS (IFRS 1).

It is not practically possible at this time to quantify the impact of these differences.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

### a. Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from these estimates.

### b. Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

### c. Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

### d. Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities that are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading and receivables as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no "other comprehensive income or loss" transactions during the period ended November 30, 2012 and no opening or closing balances for accumulated other comprehensive

income or loss. As a result, the unaudited financial statements as of November 30, 2012 do not include a statement of Accumulated Other Comprehensive Income.

g. Impairment of long-lived assets

Equipment and other long-lived assets are regularly reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the sum of undiscounted cash flows expected from its use and disposal. If such assets are considered impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to operations during the year.

h. Related party transactions

All monetary transactions in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary related party transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are recorded at the carrying value.

## **RISK FACTORS**

### **Strategic and operational risks**

Strategic and operational risks are risks that arise if the Company fails to develop sufficiently develop either or both AIM or VVT's strategic plans and/or to raise sufficient equity and/or debt financing in financing to complete the VVT acquisition and or finance the marketing plans of either enterprise. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company's other receivable balance may consist of amounts outstanding on Harmonized Sales Tax Credits from Canada Revenue Agency. Therefore, the Company believes that there is minimal exposure to credit risk.

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2012, the Company had a cash and cash equivalent balance of \$408,157 and \$376,1734 current liabilities to settle.

The Company is planning to complete a private placement for minimum gross proceeds of \$1,300,000. The Company will use the funds from this private placement to make the initial down payment with respect to the VVT acquisition and provide for general and administrative expenses and for working capital purposes. All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The future obligation with respect to the VVT acquisition has a 9-month maturity.

### **Interest risk**

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Cash and accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

## **RECENTLY ANNOUNCED PRONOUNCEMENTS**

### **Credit risk EIC 173**

On January 20, 2009, the CICA issued Emerging Issues Committee Abstract 173, '*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*' ("EIC 173"), to apply without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements. EIC 173 requires the Company to consider the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. For entities that do not apply Section 3855, Financial Instruments, may defer application of this EIC 173 to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010. The Company adopted EIC 173 from inception of incorporation, which in management's opinion does not have a material impact on the Company's financial position or operation.

### **Goodwill and intangible assets**

The Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted these sections from inception of incorporation, which in management's opinion does not have a material impact on the Company's financial position or operation.

### **Financial instruments**

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extend of risks arising

from financial instruments which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges. The Company adopted these standards from inception of incorporation and has included the required disclosure in note 5 of the audited financial statements as at May 31, 2011.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance statements users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of elected interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company adopted these standards from inception of incorporation and the adoption of this policy has no significant impact to the Company’s audited financial statements as at May 31, 2011.

#### Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity’s capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 1535 requires disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

#### Going-concern

In June 2007, the CICA amended Handbook Section 1400, “General Standards of Financial Statement Presentation”, which requires management to make an assessment of a company’s ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. The Company adopted this standard from inception of operation. Refer to note 1 to the unaudited financial statements as of February 29, 2012 for disclosure relating to this section.

#### Financial instruments

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures that includes additional disclosure requirements about fair value measurements for financial instruments and liquidity risk disclosures. These amendments entail a three level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. Additional disclosure has been included in the Company’s financial statements (See Note 5 to the unaudited financial statements as of February 29, 2012).

#### Future accounting changes

i. Business combinations, Section 1582:

This Section, which replaces the former Business Combinations, Section 1581, establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, “Business Combinations”.

The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

ii. Consolidated financial statements, Section 1601:

This Section, which, together with new Section 1602, replaces the former Consolidated Financial Statements, Section 1600, establishes standards for the preparation of consolidated financial statements.

The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, Business Combinations and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

iii. Non-controlling interests:

This new Section establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, “Consolidated and Separate Financial Statements”.

This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted, in which case an entity would also early adopt Section 1582, Business Combinations and Section 1601, Consolidated Financial Statements. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

iv. International financial reporting standards:

The Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period.

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the

interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS on its financial statements. The Company has not completed development of its IFRS changeover plan, which will include project structure governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 ("First Time Adoption of IFRS") exemptions. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **RISKS AND UNCERTAINTIES**

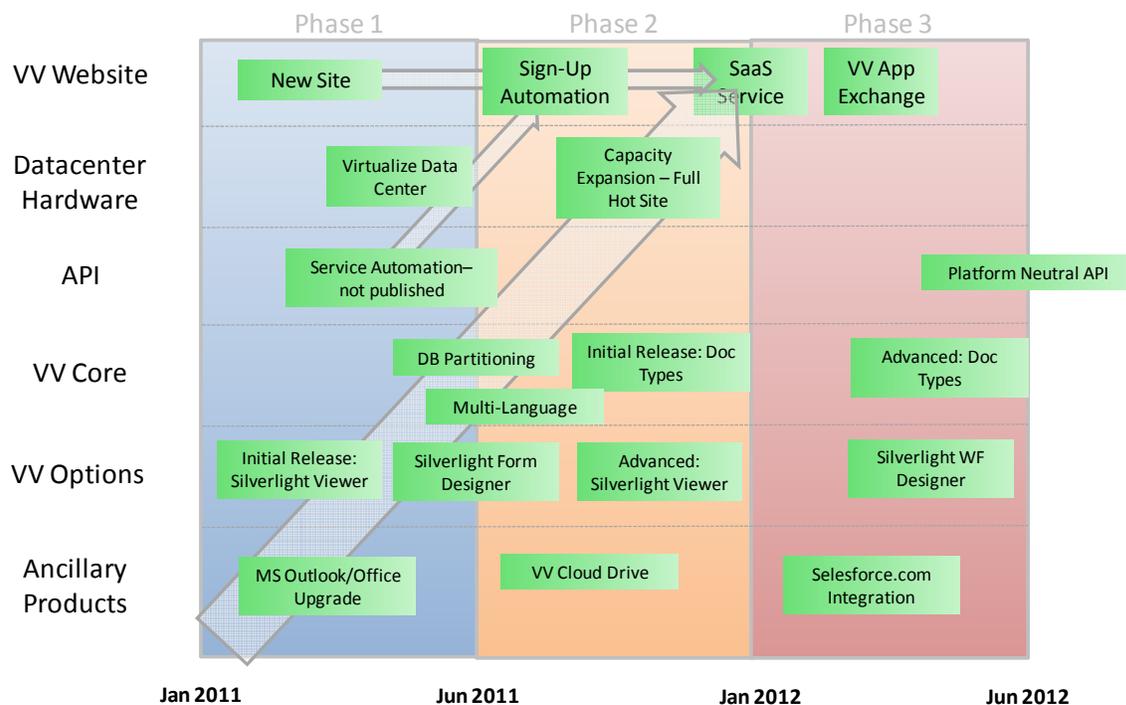
### **Risk Factors**

In evaluating an investment in the Company's shares, in addition to the other information contained or incorporated by reference herein, investors should consider the following risk factors. These risk factors are not a definitive list of all risk factors associated with the Company and its business.

#### *General and Industry Risks*

The Company's business objectives in the next 12 months are to close the acquisition of AIM and VVT and to adopt the business objectives of VVT. VVT's intermediate goal is to establish, by the end of 2012, (i) an expanded profitable operating business that can be sustained on an ongoing basis, (ii) a strong market position that will permit the company to rapidly and profitably expand the market for its products, and (iii) significant competitive advantages that will permit the company to sustain its market shares and profit margins.

The roadmap presented below, was based upon VVT goal to achieve SaaS readiness and client requests for features. Not considered, but possible high value alternative goals would be: SharePoint integration, MS Dynamics integration, and alternative database compatibility such as Oracle or MySQL.



### Securities and Dilution

The purpose of the concurrent financing is to raise funds to carry out the Company’s business objectives with the ultimate objective of establishing a human resources company providing unique Web-based solutions to the small and medium-sized business enterprises. The only source of future funds presently available to the Company is through the sale of equity capital or the assumption of debt. There is no assurance that such sources of financing will be available on acceptable terms, if at all. If the Company seeks additional equity financing, the issuance of additional shares will dilute the interests of their current shareholders. Failure to obtain such additional financings could result in delay or indefinite postponement of the Company’s strategic goals and the carrying out of its obligations under the marketing agreement with and/or to complete the acquisition of VVT.

### Competition

The computer software backup/recovery industry is intensely competitive in all of its phases, and the Company will compete with many companies possessing greater financial resources and technical facilities than the Company.

### Conflicts of Interest

Certain of the Company’s proposed directors and senior officers are directors or hold positions in other public companies. If any disputes arise between these organizations and the Company, or if certain of these organizations undertake transactions with the Company’s competitors, there exists the possibility for such persons to be in a position of conflict. Any decision or

recommendation made by these persons involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other organizations. In addition, as applicable, such directors and officers will abstain from voting on any matter in which they have a conflict of interest.

*No History of Earnings or Dividends*

As a newly formed company, the Company has no history of earnings, and there is no assurance that the Company will generate earnings, operate profitably or provide a return on investment in the future. The Company has no plans to pay dividends for the foreseeable future.

*Potential Profitability Depends Upon Factors Beyond the Control of the Company*

The potential profitability of the Company is dependent upon many factors beyond the Company's control. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, regulatory compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, events that cause worldwide economic uncertainty may make raising of funds for development difficult. These changes and events may materially affect the financial performance of the Company.

*Dependency on a Small Number of Management Personnel*

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company and its business operations.

**Officers and Directors**

Van Potter	CEO & Director
Brian Cameron	CFO & Director
John Ragan	Director
Brent Bollong	Director
Steve Hanson	Chairman of the Board and Director

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