Amended and Restated

EMPOWER TECHNOLOGIES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED

MARCH 31, 2014 and 2013

(Unaudited)

Notice to Readers

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the period ending March 31, 2014 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

EMPOWER TECHNOLOGIES CORPORATION **Amended and Restated**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars) (Unaudited – Prepared by Management)

	March 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 35,249	$ 364,080
Accounts Receivable	122,269	94,643
Inventory (Note 3)	74,693	12,761
Prepaid expenses	21,584	13,376
Total current assets	253,795	484,860
Property and equipment (Note 5)	228,281	209,275
Intangible Assets (Note 6)	414,924	438,863
Total assets	$ 897,000	$ 1,132,998
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	1,552,352	$ 1,477,773
Current portion of obligations under finance lease (Note 10)	23,133	23,504
Convertible debentures and interest (Note 7)	464,599	444,826
Loans payable (Note 11)	2,137,068	2,095,175
Customer deposits	198,902	199,626
Deferred Revenues	21,792	188,200
	4,397,846	4,429,104
Long Term		
Convertible debentures (Notes 7 and 11)	2,120,114	2,120,114
Obligations under finance lease (Note 10)	24,463	21,529
Provisions (Note 2)	-	10,000
Total Liabilities	6,542,423	6,580,747
Shareholders' Deficit		
Capital stock (Note 8)		
Authorized: Unlimited common shares without par value issued and outstanding 66,475,279 shares (2013 - 64,075,279)	22,878,123	22,878,123
Contributed surplus	2,705,979	2,621,979
Equity portion of convertible debenture issued	1,019,439	1,019,439
Subscriptions received	54,000	54,000
Shares issuable (Note 8)	-	84,000
Deficit	(32,302,964)	(32,105,290)
Total shareholders' deficit	(5,645,423)	(5,447,749)
Total liabilities and shareholders' deficit	$ 897,000	$ 1,132,998

Going concern (Note 2)
Commitments (Note 15)
Subsequent event (Note 16)

Approved by the Board of Directors on September 30, 2014:

"Paul Leung" Director "Edward Bagg" Director

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

EMPOWER TECHNOLOGIES CORPORATION **Amended and Restated**
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars) (Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2014	Three Month Period Ended March 31, 2013
REVENUES		
Telecommunication services	$ 652,321	$ -
Telecommunication products	5,185	-
Other Products	800	52,834
	658,306	52,834
COST OF SALES		
Cost of telecommunication services	263,932	-
Cost of telecommunication products	15,331	-
Cost of other products	-	41,082
	279,263	41,082
GROSS PROFIT	379,043	11,752
EXPENSES		
Accounting and audit	-	4,750
Advertising and promotion	11,675	2,216
Bad debts	688	-
Bank charges and interest	3,479	1,753
Consulting fees (Note 11)	147,052	58,350
Depreciation of property and equipment (Note 5)	5,644	1,507
Depreciation of assets under finance lease (Note 5)	7,278	414
Amortization of intangible assets (Note 6)	23,938	-
Directors' fee (Note 11)	18,000	18,000
Translation exchange gain / loss	(7,069)	(422)
Insurance	8,006	5,388
Interest and accretion on convertible debentures (Note 11)	23,395	66,234
Interest on loans payable (Note 11)	112,531	82,043
Legal fees	598	4,764
Office expenses	14,817	5,475
Rent	31,607	6,250
Research and development	-	14,584
Telephone and utilities	12,353	2,075
Transfer agent and filing fees	9,123	18,538
Travel	9,203	6,167
Wages and benefits (Note 11)	145,742	26,591
	(578,060)	(324,677)
Loss before other items	(199,017)	(312,925)
OTHER ITEMS		
Interest and other income (expense)	1,343	655
Loss and comprehensive loss for the period	$ (197,674)	$ (312,270)
Basic and diluted loss per common share from continuing operations	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	65,541,946	56,745,279

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

EMPOWER TECHNOLOGIES CORPORATION **Amended and Restated**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
THREE MONTH PERIOD ENDED MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars) (Unaudited – Prepared by Management)

	Number of Shares	Capital Stock	Contributed Surplus	Equity Portion of Convertible Debenture	Equity Subscription Received	Shares Issuable	Deficit	Total
Balance, December 31, 2012	56,745,279	$ 22,385,170	$ 2,621,979	$ 61,412	$ -	$ -	$ (30,521,123)	$ (5,452,562)
Share proceeds received in advance	-	-	-	-	171,550	-	-	171,550
Loss for the year	-	-	-	-	-	-	(312,270)	(312,270)
Balance, March 31, 2013	56,745,279	$ 22,385,170	$ 2,621,979	$ 61,412	$ 171,550	$ -	$ (30,833,393)	$ (5,593,282)
Balance, December 31, 2013	64,075,279	$ 22,878,123	$ 2,621,979	$ 1,019,439	$ 54,000	$ 84,000	$ (32,105,290)	$ (5,447,749)
Share issued for the shares issuable	2,400,000	-	84,000	-	-	(84,000)	-	-
Loss for the period	-	-	-	-	-	-	(197,674)	(197,674)
Balance, March 31, 2014	66,475,279	$ 22,878,123	$ 2,705,979	$ 1,019,439	$ 54,000	$ -	$ (32,302,964)	$ (5,645,423)

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

EMPOWER TECHNOLOGIES CORPORATION **Amended and Restated**
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars) (Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2014	Three Month Period Ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss from continuing operations	$ (199,674)	$ (312,270)
Items not affecting cash:		
Depreciation of property and equipment	5,644	1,921
Amortization of intangible assets	23,938	-
Accretion and accrued interest on convertible debenture	23,395	21,190
Accrued interest on loans payable	112,531	94,712
Interest on lease	1,063	-
Bad debt	688	-
Translation gain or loss	(75,584)	-
Changes in non-cash working capital items:		
Accounts receivables	(27,626)	(23,898)
Inventory	(61,932)	-
Prepaid expenses	(8,208)	(13,551)
Accounts payable and accrued liabilities	19,742	(1,279)
Customer deposits	(724)	-
Deferred revenue	(113,889)	-
Net cash used in operating activities	(300,636)	(233,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and equipment	(8,760)	-
Net cash used in investing activities	(8,760)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(4,835)	(899)
Repayment of convertible debentures	-	92,376
Share proceeds received in advance	-	171,550
Repayment of loans payable	(14,600)	-
Net cash provided by financing activities	(19,435)	263,027
Change in cash during the year from continuing operations	(328,831)	29,834
Cash, beginning of the period	364,080	3,052
Cash, end of the period	$ 35,249	$ 32,886

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

1. REPORTING ENTITY

Empower Technologies Corporation (the "Company") is incorporated in Canada, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol EPT. The corporate headquarters and principal place of business is located at Suite 951 - 409 Granville Street, Vancouver, BC, V6C 1T2. Empower Technologies Corporation, the Company, is the holding company for Empower Technologies, Inc. and its subsidiary Empower Technologies (Canada) Inc. and for AIC Global Communications Inc. The Company and its subsidiaries have transformed from an embedded technology group of companies to a full-fledged innovative technology, products and services and manufacturing enterprise. Empower Technologies as a group caters to communication, VoIP service, TV and media, IT, security and surveillance, military, automotive and transportation, healthcare, industrial control and consumer electronics industries.

2. NATURE OF OPERATIONS AND GOING CONCERN

Statement of compliance

The consolidated financial statements have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Acquisition of AIC Global Communications Inc.

The Company acquired a 100% interest in AIC Global Communications Inc. ("AIC") on July 31, 2013 from Y2K Investments Inc. (the "Vendor") for consideration of 3,000,000 common shares of the Company and a potential earn-out bonus of up to $400,000 dependant on thresholds being met for positive earnings before interest, taxes, depreciation and amortization (see below). The acquisition is considered a business combination under the provisions of the IFRS 3 *Business Combinations.*

AIC is a telecommunications company located in Canada. It has obtained the necessary licenses to operate and provide long distance and telecommunications services to over 20,000 customers. It is regulated under the regulations of the Canadian Radio-television and Telecommunications Commission ("CRTC").

The Company's main reasons for completing this acquisition are to acquire a stronghold in the telecommunications industry and to utilize already developed technologies to enhance the products and services provided. Accordingly the Company has recognized customer relationships in this acquisition.

The allocation of the fair value of the consideration paid to the identifiable assets acquired and liabilities assumed was as follows:

	$
Assets acquired:	
Cash	165,161
Trade and other receivable	72,276
Inventory	4,611
Prepaid expenses and deposits	11,106
Property and equipment	154,250
Customer relationships	478,759
	886,163
Less liabilities assumed:	
Accounts payable	111,931
Other payables	38,711
Customer deposits	209,957
Deferred revenue	188,896
Obligations under finance lease	41,668
	591,163
Net assets acquired	295,000
Shares issued	285,000
Contingent consideration provision	10,000
Fair value of consideration	295,000

2. NATURE OF OPERATIONS AND GOING CONCERN

As contingent consideration, the Company will pay a performance based amount bonus payment up to a maximum of $400,000 ("Maximum Earnout") within the first three years from the date of acquisition subject to:

i) AIC generating positive earnings before interest, depreciation, taxes and amortization ("EBITDA") equal to or greater than $200,000 ("Annual Earnout") within any of those first three years from the date of closing of the share purchase transaction, then the Company will pay the Vendor 25% of the positive EBITDA in cash, provided that the Vendor has not received the Maximum Earnout from the cumulative Annual Earnout: or

ii) if AIC generates positive EBITDA equal to or greater than $25,000 but less than $200,000 within any of those first 3 years from the date of closing of the share purchase transaction, then the Company will pay the Vendor 10% of the positive EBITDA in cash, provided that the Vendor has not received the Maximum Earnout from the cumulative Annual Earnout.

The Vendor may elect by written notice to the Company to receive any portion of the Annual Earnout payable to the Vendor in the form of the Company's shares in lieu of cash; and the number of the Company's shares to be issued pursuant to such election shall be determined based on a conversion price that shall be the greater of the following:

i) a conversion price of $0.25 per the Company's share; or

ii) the Market Price of the Company's shares at the time of notice, as defined by the policies of the TSX-V, and shall be subject to resale restrictions, with 25% of such the Company's shares being released from the restrictions every six months.

The Company has recorded a provision of $10,000 to record the fair value of the earnout bonus as determinable at December 31, 2013.

During the five month period ended December 31, 2013, AIC generated $805,297 in revenue from providing telecommunication services and products. During the period ended December 31, 2013, AIC incurred a net loss of $87,478 which has been included in the consolidated statement of comprehensive loss.

The trade and other receivables acquired include various amounts due from customers and other parties. The amount presented in the list of acquired assets represents the estimated fair value which is also the contractual amount and estimated cash flows that are expected to be collected as at the acquisition date.

The purchase price allocation, specifically in respect of property and equipment, customer relationships and contingent consideration provision, has not been finalized as of the date of issuance of these consolidated financial statements. As is customary in a business acquisition transaction, until the time of acquisition of control, the Company did not have full access to the accounting records of AIC. Upon having sufficient time to review the accounting records of AIC, the Company expects to finalize the purchase price allocation.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquation. The Company has incurred losses of $32,302,964 since inception and further losses are anticipated in the development of its business plan. As at March 31, 2014, the Company has a working capital deficiency of $4,053,920. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continuing operations as intended are dependent upon its ability to develop products and technologies that can be commercialized. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3.

Functional and presentation currency

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Empower Technologies, Inc. (incorporated in United States of America) and AIC Global Communications Inc. (incorporated in Canada). Empower Technologies (Canada) Inc. (incorporated in Canada) is a wholly-owned subsidiary of Empower Technologies, Inc. All intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. The consolidated financial statements include the results of operations for all subsidiaries listed above for the three months ending March 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of property and equipment, depreciation rates for property and equipment, the useful lives of customer relationships, interest rate used in calculating the debt portion of convertible debenture, valuation of deferred income tax assets and liabilities, allowance for doubtful accounts receivable and fair values of financial instruments, provisions including amounts for inventories and contingent consideration and the determination of the assumptions used in calculating fair value of share-based payment calculations. Actual results could differ from these estimates. Significant areas requiring the use of management judgement include the going concern assumption.

Inventories

Inventories are carried at the lower of cost, using the specific identification method, and net realizable value. Inventories include subscriber equipment such as modems and gateways, which are held, pending rental or sale at lower of cost or net realizable value. When subscriber equipment is sold, the equipment revenue and equipment costs are recognized in the period of sale as these items are non-refundable. When the subscriber equipment is rented, it is transferred to property, plant and equipment and depreciated over its useful life.

Property and equipment

i) Recognition and measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

ii) Subsequent costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

iii) Depreciation:

Depreciation is calculated using the declining balance method at the following annual rates:

Computer equipment	Declining Balance 30%
Equipment under rental	Straight-line 4 years
Equipment under finance lease	Straight-line 5 years
Furniture and equipment	Declining Balance 20%
Leasehold improvements	Declining Balance 25%
Tools	Declining balance 20%
TV Equipment	Declining Balance 30%

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted, if appropriate.

Intangible assets

Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs 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 or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditures capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated depreciation and accumulated impairment losses.

As at March 31, 2014 and 2013, no development expenditures were capitalized.

Customer relationships

Customer relationships represent the value of customer contracts and relationships acquired during a business combination that occurred during the year (Note 2). The amount is amortized on a straight-line basis over the estimated useful life of 5 years.

Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities.

The Company has classified its cash as fair value through profit or loss and amounts receivable as loans and receivables. Accounts payable, loans payable and convertible debentures are classified as other financial liabilities, which are measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial position reporting date to determine whether there is objective evidence that it is impaired or if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

ii) Non-Financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each financial position reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or group of assets. Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any deferred income tax asset to the extent that it is not probable the asset will be realized.

Share-based payments

The Company records all share-based payments at their fair value. The share-based payments costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the net loss or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, if applicable, for the effects of all dilutive potential common shares, which consist of the stock options, warrants, and convertible debentures.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Revenue recognition

The Company generates a significant portion of revenues through its subsidiary in the sale of telecommunication services. The Company has multiple deliverable arrangements comprised of upfront fees (one-time setup fees) and related subscription revenue. The Company also generates revenues through the sale of modems and gateways.

Upfront fees are non-refundable and are required for the customer to obtain access to the services provided by the Company. These fees are recognized in revenue in the period they occur as the Company has provided the services.

Revenue from telecommunications services include subscriber revenue earned as services are provided. Telecommunications service revenue is recognized in the period in which the services are rendered to customers.

Revenue from the sale of modems and gateways are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Deferred revenues

Deferred revenues primarily include: (i) prepayments received from customers under subscription agreements amortized into income over the term of the agreement as the services are provided, and (ii) unearned revenue for internet subscription agreements already paid for by customers.

Customer deposits

Customer deposits consist of security deposits obtained from customers as collateral for post-paid services.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Subsidiaries that have functional currencies other than Canadian dollars translate their statement of comprehensive loss items to Canadian dollars at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange variations resulting from the retranslation at closing rate of the net investment in such subsidiaries, together with differences between their statement of comprehensive loss items translated at actual and average rates, are recognized in the accumulated other comprehensive income/ loss.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

i) New accounting standards effective January 1, 2013:

IFRS 7, Financial Instruments: Disclosures - requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaced SIC-12, Consolidation-Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The adoption of this IFRS did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company's consolidated financial statements.

ii) New Accounting Standards Issued But Not Yet Effective.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company intends to adopt these standards when they become effective.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IFRS 10 Consolidated Financial Statements – In June 2012, the IASB issued an amendment to provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries fair value through profit or loss, rather than consolidate them. This amendment also set out disclosure requirements for investment entities. This amendment also impacts IFRS 12 – Disclosure of Interests in other entities and IAS 27 – Separate Financial Statements.

IAS 32 Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd…)

IAS 36 Impairment of Assets – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement – In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

IFRIC 21 Levies – IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The following standard will be effective for annual periods not earlier than January 1, 2018:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

5. PROPERTY AND EQUIPMENT

Cost ($)	Computer equipment	Computer software	Equipment under rental	Equipment under finance lease	Furniture and equipment	Leasehold improvement	Tools	TV Equipment	Total
As at December 31, 2011 and 2012	144,343	-	-	-	109,889	28,724	38,501	-	321,457
Additions arising from business acquisitions	20,210	2,366	49,765	49,777	29,027	3,105	-	-	154,250
Additions	1,690	174	29,109	10,137	150	-	-	12,710	53,970
Dispositions	-	-	(3,883)	-	-	-	-	-	(3,883)
As at December 31, 2013	166,243	2,540	74,991	59,914	139,066	31,829	38,501	12,710	525,794
Additions	96		9,374	498	3,600			5,082	18,650
As at March 31, 2014	166,339	2,540	84,365	60,412	142,666	31,829	38,501	17,792	544,444
Accumulated Depreciation									
As at December 31, 2011	135,879	-	-	-	81,717	28,724	29,768	-	276,088
Depreciation	2,359	-	-	-	5,634	-	1,747	-	9,920
As at December 31, 2012	138,418	-	-	-	87,351	28,724	31,515	-	286,008
Depreciation	4,858	2,540	6,987	5,654	7,137	464	1,397	1,474	30,511
As at December 31, 2013	143,276	2,540	6,987	5,654	88,488	29,188	32,912	1,474	310,519
Depreciation	1,863				2,483	132	349	816	5,644
As at March 31, 2014	145,139	2,540	6,987	5,654	90,971	29,320	33,261	2,290	316,163
Carrying Amounts									
As at December 31, 2013	22,967	-	68,004	54,260	50,578	2,641	5,589	11,236	209,275
As at March 31, 2014	21,200	-	77,378	54,758	51,695	2,509	5,240	15,502	228,281

6. INTANGIBLE ASSETS

As at March 31, 2014, intangible assets of $414,925 (2013 - $nil) consist entirely of customer relationships acquired through the business combination described in Note 2. The customer relationships are amortized over their estimated useful lives of five years.

Customer relationships are summarized as follows:

	$
As at December 31, 2012	-
Additions arising from business acquisitions	478,759
As at December 31, 2013	478,759

Accumulated Amortization	
As at December 31, 2012	-
Depreciation	39,896
As at December 31, 2013	39,896
Depreciation	23,938
As at March 31, 2014	63,834

Carrying Amounts	
As at December 31, 2013	438,863
As at March 31, 2014	414,925

Estimated amortization expense for the customer relationships for each of the next five years is as follows:

Year Ended December 31,	$
2014	95,752
2015	95,752
2016	95,752
2017	95,752
2018	55,855

7. CONVERTIBLE DEBENTURES

	March 31, 2014	March 31, 2013
On October 14, 2010, the Company closed a private placement of convertible debentures in the aggregate amount of $318,528. The convertible debentures bear interest at the rate of 12% per annum and were convertible into common shares of the Company at $0.50 per share until December 31, 2011. In January 2011, a convertible debenture of $263,528 was converted into common shares of the Company at a reduced conversion rate of $0.20 per share. The remaining balance of $55,000 was extended until December 31, 2013 and further until December 31, 2014. Due to the modification, $1,524 was allocated to equity. The debentures are unsecured.	$ 53,476	$ 57,089
In January 2011, the Company extended an existing debenture agreement with a principal amount of $50,000 maturing on January 31, 2011 to May 15, 2011. In May 2011, maturity was extended to August 31, 2011 and further to December 31, 2011. It was further extended to December 31, 2014. Due to the modification, $3,231 was allocated to equity. The debenture is unsecured and bears interest at 10% per annum.	46,769	50,000
In January 2011, the Company extended existing debenture agreements with an aggregate principal amount of $20,000 maturing on January 31, 2011 to December 31, 2011 and further extended to December 31, 2014. During the current year, the Company paid down a principal portion of $5,000. Due to the modification, $657 was allocated to equity. The debentures are unsecured and bear interest at 10%.	14,343	20,000
On June 8, 2012, the Company closed a private placement of convertible debentures in the aggregate amount of $270,000. The convertible debentures bear interest at the rate of 10% per annum payable quarterly and convertible into common shares of the Company at $0.15 per share until December 8, 2013 and further extended to December 8, 2014. Due to the modification, $30,656 was allocated to equity and there was $3,545 expensed for accretion. The debentures are unsecured.	242,888	228,124
Interest accrued	103,123	88,679
Short-term convertible debts	464,599	443,910
During the current year, the Company converted a loan payable with a principal amount of $2,724,457 into a convertible debenture expiring November 27, 2017, bearing interest at 10% per annum, compounded annually with an option at the discretion of the Lender to renew any remaining balance of the debt at the end of the five-year term for another three years or five years under the same terms and conditions. Transaction costs of $14,372 were allocated accordingly. $912,577 was allocated to equity and $317,792 was expensed for accretion. The convertible debenture has a general security agreement.	2,120,114	-
	$ 2,580,713	$ 443,910

8. CAPITAL STOCK

During the three months ended March 31, 2014:

The Company issued 2,400,000 bonus shares for the share issuable committed in 2013.

During the year ended December 31, 2013:

a) The Company issued 3,000,000 common shares for the acquisition of AIC Global Communications Inc. (Note 2). The fair value of the shares issued was $285,000.

b) The Company completed a non-brokered private placement of 4,330,000 units at a price of $0.05 per unit for gross proceeds of $216,500. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable for a term of one year at a price equal to $0.10.

c) The Company incurred total share issuance costs of $8,547 in relation to the private placement units and convertible debentures issued during the year.

9. STOCK OPTIONS AND WARRANTS

a) Stock options

On September 19, 2003, the Company adopted a stock option plan under which it is authorized to grant options to directors and employees to acquire common shares, up to an amount equivalent to 20% of the outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company’s stock as calculated on the date of grant, less applicable discounts. The options can be granted for a maximum term of five years.

Under the stock option plan, options granted to officers and directors are to vest over a period of three years, whereas options granted to consultants are to vest over a period of four years. The maximum number of shares that may be reserved for issuance is 12,200,000 common shares.

As at March 31, 2014, the following incentive stock options are outstanding and exercisable:

Number of Shares	Exercise Price	Expiry Date
1,440,000	$ 0.10	August 23, 2015

The weighted average contractual life of stock options outstanding as at March 31, 2014 is 1.64 years

Stock option transactions are summarized as follows:

	Three Months Ended March 31, 2014		Three Months Ended March 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,440,000	$ 0.10	2,486,662	$ 0.12
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options expired or cancelled	-	-	(291,662)	0.22
Outstanding, end of period	1,440,000	$ 0.10	2,195,000	$ 0.11
Number of options exercisable, end of period	1,440,000	$ 0.10	747,500	$ 0.10

Share-based payments

During the three months ended March 31, 2014 the Company recorded $Nil (2013 - $Nil) for share-based compensation.

b) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Three Months Ended March 31, 2014		Three Months Ended March 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	2,165,000	$0.21	2,551,000	$0.25
Warrants granted	-	-	-	-
Warrants expired	-	-	-	-
Outstanding, end of year	2,165,000	$0.10	2,551,000	$0.21
Number of warrants currently exercisable	2,165,000	$0.10	2,551,000	$0.21

As at March 31, 2014, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,165,000	$0.10	April 2, 2014

As at May 30, 2014, all of the above warrants expired.

10. OBLIGATIONS UNDER FINANCE LEASES

	March 31, 2014	March 31, 2013
Payments of $2,266 per month, non-interest bearing, due over lease terms expiring through September 2015	$ 47,596	$ 5,393
Less: current portion	(23,133)	(2,696)
	$ 24,463	$ 2,697

Estimated remaining lease payments are as follows:	
2014	30,603
2015	16,993
Balance of obligation	$ 47,596

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes directors, and officers of the Company. The Company entered into the following transactions with related parties:

a. Paid or accrued consulting fees of $48,000 (three month period ended March 2013 - $48,000) for services provided by certain directors and officers of the Company.

b. Paid or accrued salaries and benefits of $38,050 (three month period ended March 2013) for services provided by the President of AIC and the officer of AIC who is also the spouse of the President of AIC.

c. Paid or accrued directors' fees of $18,000 (three month period ended March 2013 - $18,000) for services provided by certain directors and officers of the Company. Included in current accounts payable is $1,235,015 (2013 - $1,002,698) due to the directors and officers of the Company.

As at March 31, 2014, the Company has $2,120,114 (2013 - $2,724,457) of convertible debenture to the directors and officers (Note 7). It was bearing interest at 10% and was secured. The total interest paid or accrued to the directors and officers was $133,267 (2013 - $126,950) for the three month period ended March 31, 2014. The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment. During the three months period ended on March 31, 2014 and 2013, all revenues were earned from customers in Canada.

13. FINANCIAL INSTRUMENTS AND RISK

The carrying value of amounts receivable, accounts payable, obligations under finance lease, convertible debentures, provision and loans payable approximated their fair value due to their nature or current market interest rates of similar instruments.

Financial instruments measured at fair value on a recurring basis on the financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	March 31, 2014 Total
Cash	$ 35,765	$ -	$ -	$ 35,765

The Company is exposed to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management monitors risk management activities and review the adequacy of such activities.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfil its contractual obligations. Such risk arises principally from certain financial assets held by the Company consisting of cash and trade receivables. The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

The Company's cash is held with high-credit quality financial institutions. Provisions for doubtful accounts are made on a customer by customer basis. All write downs against trade receivables are recorded in the consolidated statement of comprehensive loss. Amounts receivable at March 31, 2014 are comprised of trade accounts receivable. Sufficient allowance for doubtful accounts is set up as at March 31, 2014.

The Company's maximum exposure to credit risk at March 31, 2014 and 2013 under its financial instruments is the carrying value of cash and amounts receivable. Amounts receivable are summarized as follows:

	March 31, 2014	**March 31, 2013**
Amounts receivable -		
Currently due	$ 115,505	$ -
Past due by 90 days or less, not impaired	6,764	39,656
Past due by greater than 90 days, not impaired	-	-
	$ 122,269	$ 39,656

(ii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

(a) Foreign Exchange Risk – The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the U.S. Dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in currencies other than the Canadian dollar, which is the functional currency of the Company and its subsidiaries. As at and during the three months period ended March 31, 2014, the Company held only minor amounts of cash held in foreign currencies.

13. FINANCIAL INSTRUMENTS AND RISK (cont'd….)

(b) 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. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not have any debt instruments outstanding with variable interest rates at March 31, 2014. Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No hedging relationships have been established for the related monthly interest or for the principal payments. The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2014, the Company had cash of $35,765; the monthly operating expenses approximate $282,756. The continuation of the Company depends upon the support of its lenders and equity investors, which cannot be assured.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its assets while at the same time maintaining investor and market confidence and to sustain future development of the business. In the management of capital, the Company includes all components of shareholders' deficiency, convertible debentures and loans payable in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics or acquire and dispose of assets. There were no changes in the Company's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

15. COMMITMENTS

The Company has entered into an operating lease agreement for its premises. The annual basic lease commitments under this lease are as follows:

Not later than one year	$	86,029
Later than one year and no later than five years	$	229,208
	$	315,237

16. SUBSEQUENT EVENTS

There are no subsequent events for the period ended March 31, 2014.