

**ACT360 SOLUTIONS LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)**

**SIX MONTHS ENDED MARCH 31, 2013**

## **Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

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**ACT360 SOLUTIONS LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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	As At March 31 2013 \$	As At September 30 2012 \$
<b>ASSETS</b>		
Current		
Cash and cash equivalents	213,792	196,483
Accounts receivable	122,248	71,217
Prepaid expenses and other assets	18,129	6,800
	354,169	274,500
EQUIPMENT (Note 4)	2,206	1,479
	356,375	275,979
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	116,836	89,396
Unearned revenue	24,873	1,992
	141,709	91,388
<b>SHAREHOLDERS' (DEFICIENCY) EQUITY</b>		
Share capital (Note 5)	1,292,412	1,292,412
Contributed surplus	64,911	43,396
Deficit	(1,142,657)	(1,151,217)
	214,666	184,591
	356,375	275,979

Nature of operations and continuance of business (Note 1)

Commitments (Note 8)

APPROVED ON BEHALF OF THE BOARD ON MAY 7, 2013

/s/ "Ronald Erdman"  
\_\_\_\_\_  
Ronald Erdman, Director

/s/ "Vincent Wong"  
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Vincent Wong, Director

The Accompanying Notes are an Integral Part of the Condensed Interim Consolidated Financial Statements

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**ACT360 SOLUTIONS LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	\$	\$	\$	\$
<b>SALES</b>	285,920	169,325	512,030	361,151
<b>EXPENSES</b>				
Accounting and legal	18,204	10,386	38,735	28,339
Depreciation	851	1,263	1,871	2,526
Regulatory and filing fees	5,159	2,969	10,673	6,081
Selling, office and general	246,975	139,795	431,204	306,387
Stock based compensation	21,515	139,795	21,515	306,387
	292,704	154,413	503,998	343,333
<b>INCOME BEFORE OTHER ITEMS</b>	(6,784)	14,912	8,032	17,818
<b>OTHER ITEMS</b>				
Interest income	297	1	528	2
<b>NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD</b>	(6,487)	14,913	8,560	17,820
<b>WEIGHTED AVERAGE EARNINGS PER SHARE BASIC AND DILUTED</b>	0.00	0.00	0.00	0.00
<b>WEIGHTED AVERAGE NUMBER OF SHARES</b>	20,089,467	16,089,467	20,089,467	16,089,467

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The Accompanying Notes are an Integral Part of the Condensed Interim Consolidated Financial Statements

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**ACT360 SOLUTIONS LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	March 31, 2013 \$	March 31, 2012 \$	March 31, 2013 \$	March 31, 2012 \$
<b>OPERATING ACTIVITIES</b>				
Net income	(6,487)	14,913	8,560	17,820
Items not affecting cash:				
Depreciation	851	1,263	1,871	2,526
Stock based compensation	21,515	-	21,515	-
	15,879	16,176	31,946	20,346
Changes in non-cash working capital items:				
Accounts receivable	(54,380)	(2,056)	(51,031)	12,105
Prepaid expenses and other assets	(2,201)	(6,302)	(11,329)	(3,728)
Accounts payable and accrued liabilities	25,650	(4,383)	27,440	21,656
Deferred revenue	21,658	(14,821)	22,881	(28,450)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>6,606</b>	<b>(11,386)</b>	<b>19,907</b>	<b>21,929</b>
<b>FINANCING ACTIVITIES</b>				
Finance lease obligations	-	-	-	-
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of equipment	(735)	-	(2,598)	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(735)</b>	<b>-</b>	<b>(2,598)</b>	<b>-</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,871</b>	<b>(11,386)</b>	<b>17,309</b>	<b>21,929</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD</b>	<b>207,921</b>	<b>60,240</b>	<b>196,483</b>	<b>26,925</b>
<b>CASH AND CASH EQUIVALENTS – ENDING OF THE PERIOD</b>	<b>213,792</b>	<b>48,854</b>	<b>213,792</b>	<b>48,854</b>
<b>SUPPLEMENTAL INFORMATION</b>				
Interest paid	-	1,012	-	2,049
Income tax paid	-	-	-	-

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**ACT360 SOLUTIONS LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'  
(DEFICIENCY) EQUITY****FOR THE SIX MONTHS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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	<b>Number of Common Shares</b>	<b>Amount</b>		<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
As at October 1, 2011	16,089,467	\$ 1,109,021	\$	35,567	\$ (1,174,919)	\$ (30,331)
Common shares issued	–	–		–	–	–
Net income for the period	–	–		–	17,820	17,820
<b>As at March 31, 2012</b>	<b>16,089,467</b>	<b>\$ 1,109,021</b>	<b>\$</b>	<b>35,567</b>	<b>\$ (1,157,099)</b>	<b>\$ (12,511)</b>
As at October 1, 2012	20,089,467	\$ 1,292,412	\$	43,396	\$ (1,151,217)	\$ 184,591
Share based payments	–	–		21,515	–	21,515
Net income for the period	–	–		–	8,560	8,560
<b>As at March 31, 2013</b>	<b>20,089,467</b>	<b>\$ 1,292,412</b>	<b>\$</b>	<b>64,911</b>	<b>\$ (1,142,657)</b>	<b>\$ 214,666</b>

The Accompanying Notes are an Integral Part of the Condensed Interim Consolidated Financial Statements

**ACT360 SOLUTIONS LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDING MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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**1. CORPORATE INFORMATION AND NATURE OF OPERATIONS**

ACT360 Solutions Ltd. (the “Company”) is incorporated under the provisions of the Company Act of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business activity consists of providing internet-based training applications and services. The address of the Company’s corporate office and its principal place of business is 1116-207 West Hastings Street, Vancouver, BC, V6B 1H7.

These condensed interim consolidated financial statements have been prepared on a going concern basis, assuming 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 liquidation. The Company has had a history of significant losses, sizeable accumulated deficits and limited working capital. The Company’s ability to continue as a going concern may therefore be dependent on completing equity financing, obtaining support from related parties or generating consistent profitable operations in the future.

**2. BASIS OF PREPARATION**

a) Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

b) Going concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$1,142,657 at March 31, 2013. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors may raise substantial doubt regarding the Company’s ability to continue as a going concern.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, ACT360 Media Ltd. which was incorporated in Canada. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

d) Presentation and Functional Currency

These consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company and its wholly-owned subsidiary - ACT360 Media Ltd.

**ACT360 SOLUTIONS LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement basis** - These condensed interim consolidated financial statements are 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. All amounts are expressed in Canadian dollars unless otherwise stated.

**Use of estimates** - The preparation of these condensed interim 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 periods reported. Significant areas requiring the use of management estimates relate to depreciation, the recognition of deferred income tax assets and share-based payments. Actual results could differ from these estimates.

**Foreign currency translation** - The Company's consolidated financial statements are expressed in Canadian dollars. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange at the balance sheet date. Revenues and expenses are translated at the rates of exchange in effect on the dates of the related transactions. Non-monetary assets and liabilities are translated at the historical rates in effect when the assets were acquired or liabilities incurred. Exchange gains and losses arising on translation are included in determining current earnings.

**Cash and cash equivalents** - The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

**Equipment** - Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	20%
Computer equipment	33%
Computer software	50%

**Leases** - Leases are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and risks incidental to the ownership of equipment are classified as finance leases. At the inception of a finance lease, the equipment and respective obligation are recorded at their fair value. Equipment under finance leases are amortized on a straight-line basis over the term of the lease, which approximates the equipment's estimated useful life. All other leases are classified as operating leases.

**Long-lived assets and impairment** - The Company evaluates, on an ongoing basis, the carrying value of equipment and other assets, for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

(Expressed in Canadian dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-lived assets and impairment (continued)** - The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

**Share issuance costs** - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

**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. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

#### **Revenue recognition**

##### a) Internet applications

Revenues for internet applications are recorded when a reseller/partner or direct user requests activation of a user account for one or more of the Company's products and collection is probable.

##### b) Custom software development

The Company develops and hosts software products for customers. Revenues from the development of custom software products is recognized by the stage of completion of the arrangement determined using the percentage of completion method or as such services are performed as appropriate in the circumstances. The revenue and profit of contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably, the amount of revenue recognized is limited to the cost incurred in the period. Losses on contracts are recognized as soon as a loss is foreseen by reference to the estimated costs of completion. Hosting revenues are recorded on a monthly basis if collection is probable.

##### c) Student marketing services

The Company sells marketing information to higher education institutions. Revenues are recorded when the customer is satisfied with the marketing information and collection is probable.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Share-based payments** - The Company records all share-based payments at their fair value. The share-based compensation 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.

**Earnings (Loss) per share** - The Company uses the treasury stock method in computing earnings (loss) per share. Under this method, basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the-money stock options and warrants. For the years presented, the existence of stock options affects the calculation of loss per share on a fully diluted basis.

**Development costs** – Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the period.

**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. Financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and finance lease obligations. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has recognized its cash and cash equivalents at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income. The Company has classified its accounts receivable as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method. The Company has not classified any financial assets as held to maturity or as available for sale.

b) Financial liabilities

The Company has recognized its accounts payable as other financial liabilities. Accounts payable are recognized at the amount required to be paid, less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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FOR THE SIX MONTHS ENDING MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 October 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

**New accounting standards effective October 1, 2013**

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

**IFRS 10 Consolidated Financial Statements** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

**IFRS 11 Joint Arrangements** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

**IFRS 12 Disclosure of Interests in Other Entities** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13 Fair Value Measurement** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

**Amendments to other standards** - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

The IASB has amended IAS 1 *Presentation of Financial Statements* to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss 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.

**ACT360 SOLUTIONS LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDING MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for the Company beginning on October 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements.

**New accounting standards effective October 1, 2015**

**IFRS 9 *Financial Instruments*** - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after October 1, 2015 with early adoption permitted.

The Company has not yet begun the process of assessing the impact that the new standard will have on its condensed interim consolidated financial statements or whether to early adopt the new requirements.

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**4. EQUIPMENT**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Computer Software</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
As at October 1, 2011	\$ 128,274	\$ 55,145	\$ 15,682	\$ 199,101
Additions	-	-	-	-
As at September 30, 2012	\$ 128,274	\$ 55,145	\$ 15,682	\$ 199,101
Additions	2,598	-	-	2,598
As at March 31, 2013	\$ 130,872	\$ 55,145	\$ 15,682	\$ 201,699
<b>Accumulated Depreciation</b>				
As at October 1, 2011	\$ 125,121	\$ 52,423	\$ 15,041	\$ 192,585
Depreciation	2,300	2,544	193	5,037
As at September 30, 2012	\$ 127,421	\$ 54,967	\$ 15,234	\$ 197,622
Depreciation	1,618	178	75	1,871
As at March 31, 2013	\$ 129,039	\$ 55,145	\$ 15,309	\$ 199,493
<b>Carrying Amounts</b>				
Balance, October 1, 2011	\$ 3,153	\$ 2,722	\$ 641	\$ 6,516
Balance, September 30, 2012	\$ 853	\$ 178	\$ 448	\$ 1,479
Balance, March 31, 2013	\$ 1,833	\$ -	\$ 373	\$ 2,206

**5. SHARE CAPITAL**

The Company has authorized share capital of 100,000,000 common shares without par value and 100,000,000 preferred shares without par value. The issued share capital consists only of common shares. Disclosures on any common shares issued are provided in the Statements of Changes in Shareholders' Equity.

**6. STOCK OPTIONS AND WARRANTS**

The Company has a stock option plan for directors, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding shares at the time the options are granted. The exercise price of each option is determined by the Board, subject to the pricing policies of the TSX Venture Exchange.

During the period ended March 31, 2013, the Company granted 300,000 stock options exercisable at \$0.10 to three directors and officers of the Company, vesting immediately upon grant. The stock options expire on January 21, 2018. On grant date the fair value of the options was determined to be \$21,515 with a weighted average fair value of \$.07 per option.

The fair values of the options granted during the period were determined using the Black-Scholes pricing model, using the following weighted average assumptions:

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**6. STOCK OPTIONS AND WARRANTS (Continued)**

Share price at grant date	\$0.08
Risk free interest rate	1.48%
Expected dividend yield	0%
Expected stock price volatility	149%
Expected life of options	5 years

Stock options transactions are summarized as follows:

	Number of shares	Weighted Average Exercise Price \$
Outstanding, October 1, 2011	925,000	0.10
Granted	240,000	0.10
Cancelled or expired	-	-
Outstanding, September 30, 2012	1,165,000	0.10
Granted	300,000	0.10
Cancelled or expired	(300,000)	0.10
Outstanding, March 31, 2012	1,165,000	0.10

The following table summarizes the information about stock options outstanding and exercisable at March 31, 2013:

Number Outstanding and Exercisable	Exercise Price Per Share	Expiry Date
300,000	\$ 0.10	January 21, 2018
240,000	\$ 0.10	August 30, 2015
100,000	\$ 0.10	February 28, 2016
525,000	\$ 0.10	August 24, 2015
1,165,000		

**Warrants**

During the year ended September 30, 2012, the Company completed a private placement of 4,000,000 units of the Company at a price of \$0.05 per unit. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of \$0.10 until March 19, 2014. The Company has an option to accelerate the expiry of the warrants if the company's shares trade at \$0.20 or higher for a period of 10 consecutive trading days, in which case the warrants will expire on the earlier of the 30th day after the date of notice and 18 months from the issue of the warrants.

The following table summarizes the warrant transactions to March 31, 2013:

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**6. STOCK OPTIONS AND WARRANTS (Continued)**

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 1, 2011	–	–
Issued	4,000,000	0.10
Outstanding, September 30, 2012 and March 31, 2013	4,000,000	\$ 0.10

**7. RELATED PARTY TRANSACTIONS**

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

The remuneration of the Company's directors and other key management was as follows:

	Six Months Ended March 31, 2013	Six Months Ended March 31, 2012
Management salary	\$39,300	\$30,600

As at March 31, 2013, the Company owed \$ 4,870 to the CEO of the Company which is included in accounts payable and is non-interest bearing, unsecured and due on demand.

During the period ended March 31, 2013 stock options valued at \$21,515 were granted to certain directors and officers as described in Note 6 above.

**8. COMMITMENTS**

The Company is committed to contractual phone and internet connectivity services during the current fiscal year totalling \$11,070.

The Company is committed to the following minimum lease payments during the current and next fiscal years including estimated operating costs under operating leases for its premises:

2013	\$ 9,945
2014	1,660

**9. CAPITAL MANAGEMENT**

The Company's capital currently consists of common shares and stock options. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern which is dependent on its raising additional financing, developing and bringing its technology to market, obtaining the necessary regulatory approvals and achieving and maintaining profitable operations to provide returns for shareholders and benefits for other stakeholders.

**ACT360 SOLUTIONS LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDING MARCH 31, 2013 AND 2012**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Credit Risk** - Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. To minimize its credit risk, the Company maintains substantially all of its cash with high quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. The Company's three (2012 - two) largest customer accounts comprise 56% (2012 - 41%) of accounts receivable.

Of the 61 days and over balance outstanding at March 31, 2013, 92% has been subsequently collected as at April 25, 2013. Management believes the remaining balance is fully collectible.

**Liquidity Risk** - The Company manages liquidity risk through ongoing review of accounts receivable balances and by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand.

**Foreign Exchange Risk** - As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the United States dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 95% of the Company's revenues are denominated in United States dollars (2012 - 94%), while a significant amount of the Company's expenses are denominated in Canadian dollars. At March 31, 2013, a fluctuation of 10% in the currency exchange rate could result in a fluctuation of approximately \$ 48,518 on our consolidated results of operations, based on US dollar account balances. The Company does not engage in any hedging activity.

**Interest Rate Risk** - The Company's cash and cash equivalents are subject to interest rate price risk. The Company's interest rate risk management policy is to place any amounts which are considered in excess of day-to-day requirements in interest bearing highly liquid investments with a term to maturity of three months or less on the date of purchase. The Company does not engage in any hedging activity.

**Market risk** - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company's ability to raise capital to fund development is subject to risks associated with fluctuations in the market. Management closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**11. ECONOMIC DEPENDENCE**

During the six months ended March 31, 2013, approximately 56% (2012 - 47%) of the Company's sales were made to three (2012 - two) customers. The loss of a material amount of sales to any of these customers could have a material adverse effect on operations.