Spectra Inc.

Management Discussion and Analysis

Annual and Fourth Quarter Ended December 31, 2014

April 10, 2015

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The following Management Discussion and Analysis is supplementary to, and should be read in conjunction with the audited financial statements for the fiscal year ended December 31, 2014. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards ("IFRS"). In this Management Discussion and Analysis all amounts, unless otherwise indicated, are expressed in Canadian dollars. This MD&A is written as of April 10, 2015.

Description of Business

Spectra Inc., (the "Company"), through its wholly owned subsidiary, Spectra Products Inc., supplies products to the transportation industry. The current product line includes a visual brake stroke indicator, Brake Safe®, that permits vehicle drivers and maintenance personnel to visually determine the brake adjustment condition of a truck, trailer or bus equipped with an air activated brake system. The Company's electronic version of Brake Safe® is an air brake diagnostic system called Brake Inspector®. This product provides an in-cab display of air brake status and permits diagnosis of various existing and potential brake problems with the foundation brakes of trucks, trailers and buses. The Company also supplies an anti-corrosion lubricant called Termin-8r® to the transportation industry and Zafety Lug Lock® a product that prevents wheel-end lug nuts from loosening leading to wheel damage or wheel loss. The Company's product includes Hub Alert® a heat sensitive label that is applied to each wheel hub of trucks, trailers, buses and off road vehicles to provide an early warning of critical temperature threshold levels where safety and maintenance issues may be pending. The Company introduced in the fourth quarter a new product, the Arrow Logger. This system is designed to work in conjunction with the Brake Safe® product by providing enhanced brake monitoring.

The Company manufactures its Brake Safe®, Arrow Logger™ and Brake Inspector® products utilizing sub-contract suppliers and receives the product components for select subassembly and packaging. The Termin-8r® product line is blended, packaged and shipped to the Company's warehouse ready for shipping to customers or in the case of private label shipped direct to the customer form the packaging facility. The Company distributes Zafety Lug Lock® under a non-exclusive distribution arrangement with Tafcan Consulting Ltd and Hub Alert® is distributed under a distribution agreement with Martec International on an exclusive basis for Canada and a non-exclusive basis for the U.S.

The Company's products are sold to the transportation industry directly to "house account" fleets; through traditional transportation distributors and truck/trailer dealerships; and to several trailer manufacturers.

Financial Instruments and Financial Risk Management
The Company utilizes its risk management strategy to limit its exposure to financial risks resulting from its manufacturing and sales activities and its use of financial instruments including market risk, credit risk and liquidity risk. The Company's risk management policy has not changed during 2014.

Market Risk
Market risk is the risk that changes in market prices due to foreign exchange rates and interest rates will affect the Company's income of the value of its financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters.

Foreign currency risk
The Company realizes a portion of its revenue and expenses in foreign currencies. Consequently, some assets, revenue and expenses are exposed to foreign exchange fluctuations. The following assets, revenue and expenses originate in United States dollars and are subject to fluctuations:

	As at December 31, 2014
Current assets	$ 81,370
Revenue	$ 597,090
Expenses	$ nil

Foreign currency sensitivity analysis
The Company is marginally exposed to foreign currency fluctuations as certain revenues and expenses derived from sales activities in the United States and China are denominated in U.S. dollars. As at December 31, 2014, the Company had $69,605 of net current assets denominated in U.S. dollars. The Company's sensitivity to foreign currency fluctuations is such that a 10% strengthening or weakening of the U.S. dollar would result in a $6,960 decrease or increase, respectively, to the Company's income before income taxes for the year ended December 31, 2014.

Interest rate risk
The Company is not exposed to any interest rate risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument may be unable to discharge their obligation. The Company's main source of credit risk is outstanding accounts receivable and the Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. In order to prevent losses, the Company manages credit risk by assessing the credit worthiness of potential customers and regularly monitoring outstanding accounts receivable. In determining impairment of financial assets, the Company reviews all receivable balances greater than 90 days and assesses customer payment history. At December 31, 2014, five customers accounted for 46% of the Company's total trade receivables (December 31, 2013 - four, 55%):

	At December 31, 2014	**At December 31, 2013**
1-30 days	115,120	75,549
31-60 days	19,875	57,210
60+ days	62	6,106
Total trade receivables	135,057	138,865
Allowance for bad debts	0	0
Net trade receivables	135,057	138,865
Other receivables	11,700	3,739
Total receivables	146,757	142,604

For the year ended December 31, 2014, three customers accounted for 33% of the Company's revenue (December 31, 2013, four customers, 45% of revenue).

Liquidity Risk
Liquidity risk encompasses the risk that a company cannot meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation. The Company manages its liquidity risk by continuously monitoring its actual cash flows and its forecasted cash flows. In the event the Company's current cash and cash equivalents become insufficient to meet the anticipated need for ongoing expenses, working capital and capital expenditures, the Company will seek additional funds in the form of equity or debt to provide working capital, inventory and capital equipment necessary to implement its business plan.

Fair Value
The Company's financial assets and liabilities are classified and measured as follows:
Cash is classified as financial assets ***"fair value through profit and loss"*** and accounts receivable as loans and receivables and are measured at fair value; accounts payable and accrued charges, loans payable, royalty debentures and convertible preferred shares are classified as other financial liabilities and are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

The carrying amount of cash, accounts receivable and accounts payable and accrued charges approximates fair value due to the short-term nature of these financial instruments. The carrying value of loans payable approximate fair value as the loans bear interest at a rate, which approximates market rate. The fair value of royalty debenture is approximately $607,000 using 10% interest rate (2013 - $580,000 at 10%). The fair value of the convertible preferred shares is approximately $918,000 using 10% interest rate (2013 - $918,000 at 10%).

Capital Disclosures
The Company's capital structure is comprised of interest bearing debt, a royalty debenture and shareholders' deficiency. There are no restrictions on the Company's capital. In order to maintain and adjust its capital structure, the Company may issue share capital, issue new debt and refinance existing debt.

The Company's objectives when managing capital are to ensure operation as a going concern in order to manufacture and sell its products to its customers while providing an adequate return to its shareholders and other stakeholders.

The Company meets its objectives for managing capital through preparation of detailed, annual budgets and the monitoring of financial performance. The Company reviews ongoing cash flow and monitors very closely its receivables and payables. Capital management objectives remain unchanged during 2014.

Financial Results
Selected Financial Information

The accompanying audited consolidated financial statements of the Company and all information in this report have been prepared by management and approved by the Board of Directors of the Company. The consolidated financial statements were prepared on the basis of "IFRS" and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality. Financial and operating data elsewhere in this report are consistent with the information contained in the consolidated financial statements.

Internal Controls
To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, that only valid and authorized transactions are executed, and that accurate, timely and comprehensive financial information is prepared.

The Board of Directors carries out its responsibility for the financial statements in this annual and quarterly report principally through its Audit Committee. A majority of the members of the Audit Committee are independent, non-management directors and all members of the Audit Committee are appointed by the Board of Directors. The Audit Committee meets with management and, where necessary, the external auditors to discuss the results of the annual audit examinations with respect to the adequacy of internal accounting controls and to review and discuss the consolidated financial statements and financial reporting matters.

Annual Information
The following summary of selected audited information is derived from, and should be read in conjunction with, the Company's audited financial statements, including notes thereto, for the years ended December 31, 2014, 2013, 2012 and 2011:

ANNUAL DATA

OPERATIONS:

Canadian dollars	**2014**	**2013**	**2012**	**2011**
Total revenue	$ 1,433,557	$ 1,275,216	$ 1,168,589	$ 1,224,468
Gross profit	$ 789,451	$ 694,559	$ 551,256	$ 666,773
Debt forgiveness				$ 349,960
Net income (loss) before taxes	$ 45,600	$ (73,121)	$ (314,661)	$ 176,626
Net income (loss)	$ 45,600	$ (73,121)	$ (314,661)	$ 176,626
Cash flow earned (used) in operations	$ 107,922	$ (2,899)	$ (61,357)	$ 15,672
Basic (loss) earnings per share	$ 0.00	$ (0.00)	$ (0.01)	$ 0.00
Diluted (loss) earnings per share	$ 0.00	$ (0.00)	$ (0.01)	$ 0.00

FINANCIAL POSITION:

Canadian dollars	2014	2013	2012	2011
Total assets	$ 342,678	$ 291,896	$ 273,274	$ 398,593
Total long-term liabilities	$ 1,935,954	$ 1,915,699	$ 1,896,068	$ 1,852,054
Shareholders deficiency	$(1,864,209)	$(1,984,809)	$(1,986,688)	$(1,747,027)

Results of Operations

Revenue
Twelve months ended December 31, 2014
Revenue for the twelve months ended December 31, 2014 increased by 12 percent to $1,433,557 compared to revenue of $1,275,216 for the twelve months ended December 31, 2013. The increase in revenue is attributable to increased sales of all product lines, offset by decreases in sales of Brake Safe® and Hub Alert®.

Termin-8r® revenue totaled $376,905 in 2014, an increase of 35 percent from the same period in 2013. The Company has a very successful private label brand of this product and sales are growing in that area. In 2015 it plans to expand its sales efforts through further introduction of private label branding and the continuation of marketing programs designed to get additional fleet trials and build awareness of the superior features of Termin-8r®. The Company is currently selling its anti-corrosion line of Termin-8R® products to the Canadian transportation industry directly to several fleet users and through its dealer/distributor network. Termin-8R® has a small customer base and accordingly quarterly sales will fluctuate depending on the timing of existing and new customer orders.

Zafety Lug Lock® revenue for the twelve months ended December 31, 2014 generated $324,060 compared to $193,897 in 2013. This represented a 67% increase in sales resulting from a 74% increase in unit sales.

Brake Inspector® revenue totaled $39,798, an increase of 45 percent from 2013 sales. While the economic uncertainty continues, especially in the U.S. market the company has not pursued the marketing of this more expensive product, instead, focusing on the sale of Brake Safe®.

Unit sales of Brake Safe® decreased by 15% to 28,941 units in 2014 compared to 34,123 units in 2013. Revenue from Brake Safe® similarly decreased by 15% in 2014 to $625,040, from $733,108. The introduction and aggressive marketing in the second quarter of 2015 of the Arrow Logger, a new product designed to enhance Brake Safe® and increased exposure in the US market is expected to improve sales of Brake Safe® in 2015.

Hub Alert® generated revenue of $20,334 on sales of 10,235 units in 2014. These were decreases of 40% and 42% respectively over 2013. We continue to try new ways to market this innovative product but have not as yet captured the market's attention.

Gross Profit
Twelve months ended December 31, 2014
Gross profit increased by $94,892 for the twelve months ended December 31, 2014 to $789,451 or 55 percent of revenue from $694,559 or 54 percent of revenue for the twelve months ended December 31, 2013.

Gross profit margins will vary depending on the mix of product sales within the Brake Safe®, Brake Inspector®, Termin-8r®, Zafety Lug Lock®, Hub Alert® and Arrow Logger™ product lines. In addition, the mix of distribution channels may affect margins when sales are generated through distributors, dealers and direct sales to fleets. The Company's most profitable sale rests with the fleet customer, followed by dealers and distributors.

Expense
Twelve months ended December 31, 2014

The Company has elected to present its statement of earnings utilizing a functional basis of classification in accordance with IAS 1. Under the functional classification of presentation, the expenses are classified based on their functions within the Company under specific headings.

Selling costs
Selling costs are comprised of the following categories:

- Commissions
- Product royalty
- Travel and courier
- Trade shows
- Advertising and promotion

For the year ended December 31, 2014, selling costs were $145,707, $770 lower than the comparable costs of $146,477 for the year ended December 31, 2013.

Administrative costs
Administrative costs are comprised of the following categories:

- Management fees and salaries
- Consulting
- Professional fees
- Insurance
- Premises cost
- Interest and bank charges
- Office and general

For the year ended December 31, 2014, administrative costs were $447,654, $21,393 lower than the comparable costs of $469,047 for the year ended December 31, 2013 due to a substantial reduction in professional fees.

Finance costs
Finance costs are comprised of the following categories:

- Debenture royalty
- Interest on loan payable
- Interest on long-term debt
- Accretion on discount of debt

For the year ended December 31, 2014, finance costs were $140,661, 3,534 lower than the comparable costs of $144,195 for the year ended December 31, 2013.

Net income
Year ended December 31, 2014
The net income for the year ended December 31, 2014 was $45,600 or $0.00 per share basic and fully diluted compared to a net loss of $73,121 or $0.00 per share basic and fully diluted for the year ended December 31, 2013.

Liquidity and Cash Flow
Twelve months ended December 31, 2014
For the twelve months ended December 31, 2014, the Company earned $107,926 in operating activities compared to using $2,899 in 2013. Non-cash items during the twelve months contributed $105,084 compared to $102,592 in 2013. $50,000 was repaid on loans payable during the year and $30,762 was invested in new equipment. These all resulted in a net increase in cash resources of $27,160 and a cash resources balance at the end of the period to $47,083. During the equivalent twelve-month period in 2013 the Company showed a net increase in cash resources of $7,101 and a cash resources balance at the end of the year of $19,923.

The financial statements have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has experienced significant losses from operations during the past several years and has an accumulated deficit at December 31, 2014 of $6,868,940 compared to an accumulated deficit of $7,018,817 at the same date in 2013. The Company has a positive working capital position of $37,483 at December 31, 2014. The Company‘s current cash and cash equivalents may be insufficient to meet the anticipated

need for ongoing expenses, working capital and capital expenditures. Therefore the Company plans to seek additional financing as required to provide working capital, inventory and capital equipment necessary to implement its business plan.

The Company's ability to continue operations is dependent upon its ability to achieve profitability, maintain current financing and obtain new sources of financing. The outcome of these matters cannot be predicted at this time. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company will continue to evaluate the need for financing opportunities that may take the form of additional equity or debt securities. In the event the Company raises funds through the sale of equity or convertible debt instruments, additional dilution to existing shareholders may result. Terms of debt instruments may limit the Company's operations or ability to pursue market opportunities. Management cannot be certain that this additional financing will be available in the amounts required or on acceptable terms.

The Company may seek new financing, joint venture or strategic financial relationships that will permit ongoing operation of the Company and its subsidiary. Management believes that the strong functional and competitive capabilities of its Brake Safe®, Brake Inspector®, Termin-8r® Zafety Lug Lock®, Hub Alert™ and Arrow Logger™ product lines will improve the Company's long-term profitability. Funding the Company's current operations and addressing its future growth opportunities are dependent on revenue growth and future financing arrangements.

SUMMARY OF QUARTERLY RESULTS

The table below sets forth certain information for each of the eight most recent quarters, the most recent quarter being December 31, 2014.

QUARTERLY DATA

Canadian Dollars	Three month period ending:							
	31.12.14	30.09.14	30.06.14	31.03.14	31.12.13	30.09.13	30.06.13	31.03.13
Revenue	349,020	394,364	332,726	357,447	273,270	397,442	312,103	292,401
Gross Profit	193,142	209,704	191,237	195,368	146,598	222,190	162,252	163,519
SG&A expenses	163,309	175,232	159,165	170,655	161,105	187,968	175,202	166,249
Debt value adjustment	(5,126)	(5,084)	(5,045)	(5,000)	(4,970)	(4,926)	(4,887)	(4,848)
Income (loss) for the period	10,210	15,788	13,663	5,939	(35,199)	16,064	(31,176)	(22,810)
Income (loss) per share								
basic	0.00	0.00	0.00	0.00	(0.00)	0.00	(0.00)	(0.00)
diluted	0.00	0.00	0.00	0.00	(0.00)	0.00	(0.00)	(0.00)

Seasonality:

The marginal sales trends experienced in previous years, no longer apply to the marketplace in which our products were sold in 2014. The greater variance on quarter-to-quarter sales was a result of the ongoing deepening impact of the global economic downturn on customer demand, inventory levels and minimum re-order timing.

Results of Operations

Revenue:

Three months ended December 31, 2014

Revenue for the three months ended December 31, 2014 increased by 29 percent to $349,020 compared to revenue of $273,270 for the three-month period ended December 31, 2013.

Brake Safe® had sales of $147,193 in 2014, compared to $144,813 in 2013; Brake Inspector® had sales of $19,995 in 2014, compared to $5,945 in 2013; Termin-8r® sales increased by $37,669 over the 2013 period to $86,337; Zafety Lug Lock® had sales in 2014 of $76,134 compared to $58,350 in 2013 and Hub Alert® had 2014 sales of $2,756 compared to $12,562 in 2013.

Gross Profit
Three months ended December 31, 2014
Gross profit increased by $46,544 for the three months ended December 31, 2014 to $193,142 or 55 percent of revenue from a comparable $146,598 or 54 percent of revenue for the three months ended December 31, 2013. The principal reason for this increase in gross profit was the strong increase in sales of Termin-8r® sales and solid exchange gains on US dollar sales.

Expenses:
Three months ended December 31, 2014

The Company has elected to present its statement of earnings utilizing a functional basis of classification in accordance with IAS 1. Under the functional classification of presentation, the expenses are classified based on their functions within the Company under specific headings.

Selling costs
Selling costs are comprised of the following categories:

- Commissions
- Product royalty
- Travel and courier
- Trade shows
- Advertising and promotion

For the quarter ended December 31, 2014, selling costs were $33,505, $5,859 higher than the comparable costs of $27,646 for the quarter ended December 31, 2013.

The principal factor contributing to this was an increase in commission payments due to higher commissionable sales.

Administrative costs
Administrative costs are comprised of the following categories:

- Management fees and salaries
- Consulting
- Professional fees
- Insurance
- Premises cost
- Interest and bank charges
- Office and general

For the quarter ended December 31, 2014, administrative costs were $111,054, $3,655 lower than the comparable costs of $114,709 for the quarter ended December 31, 2013.

Finance costs
Finance costs are comprised of the following categories, previously shown separately:

- Debenture royalty
- Interest on loan payable
- Interest on long-term debt
- Accretion of discount on debt

For the quarter ended December 31, 2014, finance costs were $34,882, $684 lower than the comparable costs of $35,566 for the quarter ended December 31, 2013.

Net income
Three months ended December 31, 2014
The net income for the three months ended December 31, 2014 was $10,210 or $0.00 per share basic and fully diluted compared to a net loss of $35,199 or $0.00 per share basic and fully diluted for the three months ended December 31, 2013.

Statement of Financial Position:

Total Assets
Total assets as at December 31, 2014 were $342,678, an increase of 17 percent from $291,896 as at December 31, 2013.

Total Liabilities
Total liabilities as at December 31, 2014 were $2,206,887, a decrease of 3 percent from $2,276,705 as at December 31, 2013.

Liquidity and Cash Flow
Three months ended December 31, 2014

During the three months ended December 31, 2014, the Company earned $68,209 from operating activities compared to earning $8,314 from operations during the same period in 2013. In 2014 non-cash items contributed $23,476 for the period compared to $37,636 for the three months ended December 31, 2013. This resulted in a net increase in cash resources of $17,447 and a cash resources balance at the end of the period of $47,083. During the equivalent period in 2013, the Company showed a net increase in cash resources of $8,314 and a cash resources balance of $19,923 at the end of the period.

Related Party Transactions
During the year ended December 31, 2014, management fees and salaries totaling $146,060 were paid to executives who were directors and shareholders or to companies controlled by them.

During the year ended December 31, 2014, royalties of $1,444 were paid to a company owned by a director.

Off Balance Sheet Arrangements
As at December 31, 2014, the Company does not have any material off balance sheet arrangements.

Disclosure Controls and Procedures

The Chairman and the President of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of 2014 and they have concluded that such disclosure controls and procedures are adequate and effective and are subject to regular review and update.

Segmented information

The Company operates in only one business segment and therefore does not report financial results on a segmented basis.

Outstanding Share Data
The Company's authorized share capital consists of an unlimited number of common shares; an unlimited amount of first, second, third and fourth preferred shares and 540,000 second preferred shares, Series 1. As at December 31, 2013, there were 60,514,837 outstanding common shares including 4,661,365 remaining in escrow with release dependent on the Company attaining certain cash flow levels. The Company is authorized to issue an unlimited number of common shares. As of the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company.

Designation of security	Number outstanding.	If convertible, exercisable or exchangeable for common shares, maximum number of common shares issuable.
Common shares	60,514,837	60,514,837
Stock options issued as at December 31, 2013	650,000	650,000
Stock options expired from January 1, 2014 to December 31, 2014	(350,000)	(350,000)
Total (maximum number of shares – fully diluted)		60,814,837

Share Options

The Company has a stock option plan that permits the grant of options to directors, officers, employees and consultants. The plan provides for the grant of a maximum number of options equal to ten percent of the issued and outstanding common shares, with a maximum term of five years, fully vesting at the date of grant. The fair value of stock based compensation is determined using the Black-Scholes option-pricing model. Compensation expense is recognized over the stock option vesting period with a corresponding charge to contributed surplus.

	Options Granted	Weighted Exercise Price	Grant Date Weighted Price
Balance December 31, 2013	650,000	0.10	0.018
Granted	0	0.00	0.000
Expired during the year	(350,000)	0.10	0.000
Balance December 31, 2014	300,000	0.10	0.018

As at December 31, 2014, there were 300,000 outstanding options to acquire common shares (650,000 at the end of fiscal 2013). These options were held by directors, employees and consultants and were exercisable at any time during the remaining contractual life. Exercise prices under the options and the remaining life of options are summarized below:

Expiry Date	Number of options Granted	Exercise Price	Remaining Contractual Life
February 28, 2016	300,000	$0.10	1.2 years

DIVIDEND POLICY

The Company does not currently have a policy of declaring or paying dividends on its common shares and preference shares. The Company intends to retain future earnings for use in its business and does not anticipate paying dividends in the foreseeable future.

SUBSEQUENT EVENTS

There were no subsequent events of any significance.

OUTLOOK

The Company continues to focus its efforts on expanding the present market for its products while introducing those products into new markets as well as seeking out new products to compliment our other offerings.

The Company's Brake Safe® product is well established in the Canadian market and inroads are now being made into the lucrative American market. With the implementation of its new, aggressive, safety enforcement and monitoring program, CSA (Compliance, Safety, Accountability), the Federal Motor Carrier Safety Administration is bringing the focus onto unsafe Carriers and unsafe Drivers in the US transportation industry. A significant increase in roadside enforcement, citations and fines for all driver and vehicle violations will impact positively on the sales growth of Brake Safe® and Zafety Lug Lock® products. A program is being developed to educate companies of these enforcement changes and the resulting increased intervention by regulatory agencies in order to capitalize on sales opportunities for Brake Safe® and Zafety Lug Lock®.

The Company will introduce in the first quarter of 2015 a "buy direct from the manufacturer" program for U.S. fleets and owner operators to increase the awareness of Brake Safe® in the U.S. market. This program will be supported by sustained advertising in select U.S. media and the addition of e-commerce capability on the Company's website. The Company will continue to sell Brake Safe through its existing U.S. distributors.

The Company's Termin-8R® product continues to receive strong industry acceptance with a corresponding growth in sales to the transportation segment. The second private label arrangement, introduced in 2010 and made for a major supplier to the commercial transport industry, is proving to be a strong performer with 2014 private label sales now being more than double that of the previous year. The company believes that developing new private label arrangements will be a key to the ongoing growth in the sales of this product.

Zafety Lug Lock® continues to make good inroads into the marketplace with steadily increasing sales.

The Company's newly introduced product, Arrow Logger™, has been designed to complement the Brake Safe® product line with enhanced brake adjustment monitoring. The system allows drivers to inspect brake adjustment during roadside operation without the need to apply the service brake, usually a 2 person operation. The Company anticipates a very positive response to the Arrow Logger from existing and potential Brake Safe® customers.

Initial interest in Hub Alert®, the Company's newest product has waned and new marketing efforts have been introduced to try to stimulate sales.

The Company will continue to form strategic distribution alliances to accelerate its sales outside the Canadian marketplace.

The Company may seek sufficient additional funds to provide working capital, inventory and capital equipment as needs arise, but at the moment, cash flow from operations is sufficient to support current needs.

Until such time as present market conditions improve, the Company will continue the cost-saving measures introduced in 2009 to reduce overhead and improve cash flow.

FORWARD LOOKING STATEMENTS

The preceding MD&A provides a summary of the audited financial information of the Company contained therein. This discussion contains forward-looking statements that involve certain risks and uncertainties, which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results,

performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of marketing and sales activities; fluctuations in the value of Canadian dollars relative to other currencies; changes in labor costs or other costs of production including raw materials; delays in financing activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.