POSERA-HDX LTD.

(formerly POSERA-HDX INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTHS ENDED JUNE 30, 2012

The following is the management discussion and analysis ("MD&A") of the condensed consolidated interim statements of financial position, results of operations and comprehensive loss and cash flows of Posera-HDX Ltd. (formerly Posera - HDX Inc.) for the three-months ended June 30, 2012 and should be read in conjunction with the financial statements for such periods and the accompanying notes thereto. This MD&A discusses the three-months ending June 30, 2012, compared to March 31, 2012 and June 30, 2011. For an analysis of the six-months ending June 30, 2012 compared to June 30, 2011, please read this MD&A in conjunction with the MD&A for the three-months ending March 31, 2012. The effective date of this MD&A is August 14, 2012.

The management discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee comprised exclusively of independent directors. The audit committee reviews and prior to publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

The Company reports its financial results in Canadian dollars and under International Financial Reporting Standards ("IFRS"). References herein to "Posera-HDX", "HDX", "Hosted Data Transaction Solutions", "the Company", "we" and "our" mean Posera-HDX Ltd.

FORWARD LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. These forward-looking statements are based on a number of estimates and assumptions, including those which are identified in the "Critical Accounting Estimates and Judgments" section herein, and are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks and Uncertainties" herein, as well as the risks and uncertainties detailed in our Annual Information Form which was filed on March 29, 2012 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

Management reports on certain Non-IFRS measures to evaluate performance of the Company. Non-IFRS measures are also used to determine compliance with debt covenants and manage the capital structure. Because non-IFRS measures do not generally have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and qualified, and reconciled with their nearest IFRS measure. The Canadian Institute of Chartered Accountants (CICA) Canadian Performance Reporting Board has issued guidelines that define standardized earnings before interest, taxes, depreciation and amortization (EBITDA).

EBITDA, Normalized EBITDA, or Working Capital, are not calculations based on IFRS. EBITDA should not be considered an alternative to net income or comprehensive income in measuring the Company's performance, nor should it be used as an exclusive measure of cash flow. Posera-HDX reports EBITDA, Normalized EBITDA, and Working Capital because they are key measures that management uses to evaluate performance of the Company, and because the Company feels that these Non-IFRS measures provide important information about the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors are cautioned that EBITDA as reported by Posera-HDX may not be comparable in all instances to EBITDA as reported by other companies.

Non-IFRS reporting definitions:

EBITDA: Posera-HDX's management defines EBITDA as Net Income before interest expense, interest income, income taxes (excluding certain investment tax credits and other government assistance), amortization of capital and intangible assets, realized and unrealized exchange gain or loss, impairments and gains or losses on held for trading financial instruments, and other gains or losses on disposition of assets or extinguishment of liabilities;

Normalized EBITDA: Posera-HDX's management defines Normalized EBITDA as EBITDA above less certain one-time non-recurring expenditures, and non-cash stock-based compensation expense;

Working Capital: Posera-HDX's management defines Working Capital as its current assets less current liabilities excluding the conversion option value.

Reconciliation to Net Loss Attributable to Owners of the Parent: There is a reconciliation for each of the Non-GAAP reporting measures to their nearest IFRS equivalent under the heading "Reconciliation of Non-IFRS measures to their Closest IFRS equivalent".

Comparative Figures:

Certain prior period comparative figures have been restated to conform to the consolidated financial statements presentation adopted under IFRS.

CEO's Overview

The ever-increasing pace in market adoption of mobile payments, smart-phone shopping applications, e-wallet applications, smart-phone marketing campaigns, and EMV chip and PIN payment platforms continues to provide enormous opportunity to those companies positioned to meet the technological and operational demands. Today's ten year old may never use a plastic credit card. Therefore all systems that make up the infrastructure of today's retail solution and payments environments must morph to meet the coming technological reality. Significant investments in time and financial resources will be required for the foreseeable future.

Posera-HDX Ltd. continues to invest and focus on developing significant new revenue opportunities that are complimentary to the Company's current operational foundation and synergistic with the Company's intellectual property assets. New software as a service ("SAS") products and business modules with recurring revenue are under construction. This will allow the Company to deliver an enhanced range of services to the Company's current client base and will bolster the Company's ability to attract new customers.

Following the acquisition of Cash N Go Ltd. (now a new division name HDX Payment Processing Ltd. "HDXPP") in December 2011, and following the announcement on June 14th 2012 that the Company has been approved for membership in the Interac Association as an Indirect Connector to perform the functions of an Acquirer in the Shared Cash Dispensing ("SCD") Service, Posera-HDX continues to make significant investments to enhance systems, facilities, and operating procedures in order to secure the necessary approvals to operate a payment processing switch and an ATM transaction processing switch.
Through HDXPP, Posera - HDX owns and operates a Postillion payment switch developed by S1 Corporation. In addition to the provision of SCD services, Posera-HDX plans to expand the payment switch to facilitate the processing of Point-of-Sale transactions for its merchant client base. HDXPP has retained team members and contractors with the appropriate industry expertise to allow the company to further develop the payment processing division with an eye toward monetizing the Company's investment in this division as quickly as possible.

To take advantage of the convergence in retail technologies currently underway, the Company continues to pursue merger and acquisition opportunities with complimentary organizations although none are specifically named at this time.

The worldwide economy has proven difficult resulting in slower than expected sales activity. Sales and service revenues for the three-months ended June 30, 2012 were $4,245,960. This represents an increase of 0.7% from $4,215,178 from the three-months ended June 30, 2011.

The Company has experienced an EBITDA of ($134,243) for the three-months ended June 30, 2012. Company-wide amortization of acquired intangible assets was $320,795 and amortization of property plant and equipment was $49,049. HDX Payment Processing Ltd. (the acquired Cash N Go payments processing division) experienced a loss of $143,642 and Posera-HDX Scheduler Inc. (the acquired assets of 2020 Hyperscheduler / Hypervison) experienced a loss of $20,647. The Company expects to continue to make significant investments in these divisions into the foreseeable future and will strive to increase revenue for these divisions and products as quickly as possible.

Highlights and Summary - Three-months ended June 30, 2012 (Unaudited)

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended June 30, 2012, June 30, 2010 and March 31, 2012".)

- Net loss for the three-months ended June 30, 2012 was loss of $441,026, an increase of $345,632 from a loss of $95,394 for the three-months ended June 30, 2011, and a decrease of $334,291 from a loss of $775,317 for the three-months ended March 31, 2012;
- EBITDA for the three-months ended June 30, 2012, was ($134,243), a decrease of $334,143 from $199,900 for the three-months ended June 30, 2011, and an increase of $192,372 from ($326,615) for the three-months ended March 31, 2012;
- Normalized EBITDA for the three-months ended June 30, 2012 was $757, a decrease of $232,756 from $233,513 for the three-months ended June 30, 2011, and an increase of $322,870 from ($322,113) for the three-months ended March 31, 2012;
- Total revenue was $4,245,960 for the three-months ended June 30, 2012, up $30,782 (0.7%) from $4,215,178 for the three-months ended June 30, 2011 and up $615,916 (17.0%) from $3,630,044 for the three-months ended March 31, 2012;
- Gross profit was $1,553,918 for the three-months ended June 30, 2012, down $151,465 (8.9%) from $1,705,383 for the three-months ended June 30, 2011, and up $243,199 (18.6%) from $1,310,719 for the three-months ended March 31, 2012;
- Operating expenses were $2,058,005 for the three-months ended June 30, 2012, up $219,388 (11.9%) from $1,838,617 for the three-months ended June 30, 2011, and up $27,342 (1.4%) from $2,030,663 for the three-months ended March 31, 2012;
- Included in cost of sales and operating expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 were certain one-time non-recurring expenditures and non-cash stock-based compensation expense (recovery) totaling $107,502, $214,241 and $4,502 respectively;
- Posera-HDX's cash and cash equivalents totaled $1,452,212 as at June 30, 2012, an increase of $927,503 (176.7%) from $524,709 as at June 30, 2011, and a decrease of $277,332 (16.0%) from $1,729,544 as at March 31, 2012. Bank indebtedness was $235,659 as at June 30, 2012, a decrease of $122,855 (34.3%) compared to $358,514 as at June 30, 2011, and an increase of $19,268 (8.9%) compared to $216,391 as at March 31, 2012; and
- Posera-HDX's working capital totaled $2,010,549 as at June 30, 2012, an increase of $785,586 (64.1%) from $1,224,963 as at June 30, 2011, and a decrease of $358,275 (15.0%) from $2,368,824 as at March 31, 2012.

Posera-HDX's Business

The Company is in the business of managing merchant transactions with consumers and facilitating payment emphasizing transaction speed, simplicity, and accuracy. Posera-HDX develops and deploys touch-screen point of sale ("POS") system software and associated enterprise management tools and has developed and deployed numerous POS applications. Posera-HDX also provides system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware support services. Through the acquisition of Posera, the Company immediately acquired access to Posera's worldwide dealership network of approximately 112 resellers in 25 countries with approximately 1,100 representatives selling, supporting and installing its software. Posera's main software product, known as Maître 'D, has been deployed in over 20,000 locations worldwide in eight different languages.

Posera-HDX's has licensed a prepaid payment solutions allow customers to pay for items quickly and conveniently with either: RFID (radio frequency identification) tags, magnetic stripe cards, or UPC bar-coded cards. The solution can be private branded for a specific merchant. A private branded web interface further extends the offering to allow for convenient reload and other account management options. Posera-HDX payment solutions are especially well suited for corporate and institutional cafeteria environments where hundreds of customers purchase and pay for meals in compressed periods throughout the business day.

The Company's Common Shares are listed on the Toronto Stock Exchange under the symbol "HDX".

Revenues and Expenses

Posera-HDX's revenue model contemplates revenues primarily from the following sources:

- **Transaction fees from merchants.** Merchants pay fees for the processing and reporting of stored value payment transactions. The transaction fees are paid directly to HDX
- **Income from the sale of HDX POS equipment.** Merchant licensees may purchase POS equipment from HDX for installation at merchant.
- **Revenue from data and application hosting fees.** Merchants or other application service providers may contract with HDX for data and application hosting services.
- **Services revenue from the delivery of consulting and system integration services.** Merchant licensees and merchants may hire HDX to install and manage POS equipment, terminals and readers at merchant locations and provide other services as required.
- **Revenue from software license agreements.** POS Software licensees and resellers may contract with Posera-HDX for the use of proprietary POS software.

Posera-HDX's cost of sales consists primarily of the cost of POS system hardware, third party software and miscellaneous hardware and software which are purchased by Posera-HDX for resale, Technology costs and Operations and Support costs directly incurred to earn revenue, including amortization. Technology costs consist primarily of personnel and related costs associated with Posera-HDX technology development and maintenance, as well as external suppliers. Operations and support costs consist primarily of personnel and related costs associated with the ongoing operations and support of the Posera-HDX business, including the Dexit® Service, fixed hosting costs, merchant implementation costs and certain consumer and merchant support costs.

Posera-HDX operating costs are broken down into the following two categories: sales and marketing; and general and administrative. Sales and marketing costs consist primarily of personnel and related costs associated with the ongoing sales and marketing functions, as well as brand development fees, media placement fees, trade show fees, advertising and other promotional expenses. General and administrative fees consist primarily of personnel and related costs associated with Posera-HDX's senior management,

administrative, legal and finance functions, as well as professional fees and other general corporate expenses.

Stock-based compensation expense relates to charges for stock options granted to directors and employees.

Interest income on Posera-HDX corporate funds consists primarily of interest income related to its invested cash and short-term investments. Posera-HDX's policy is to invest its excess cash in short-term investment-grade interest bearing securities. Interest income fluctuates based upon the amount of funds available for investment and prevailing interest rates. Interest expense primarily related to interest costs of vehicle loans and notes payable. The notes payable were either issued as a result of or acquired in the business combinations that Posera-HDX has completed. On the date of acquisition, Posera-HDX fair-valued the notes payable acquired or issued, and as a result part of the interest expense includes accretion of the fair-value increment of the notes payable acquired or issued.

Growth Strategy and Future Outlook

Posera-HDX offers "turnkey" solutions including custom software development, integration of our software with appropriate industry specific hardware solutions, deployment and training of our integrated solutions, and providing the ongoing software support and hardware support of deployed solutions. Management's strategy is focused on growing the business organically by:

- Continuing to identify vertical market segments and specific customer groupings that are ideal customers for HDX's technology, assigning direct sales force personnel to communicate with prospective clients and client groupings.

- Marketing HDX products to merchant sites associated with restaurant chains that have pre-approved the deployment of HDX technology.

- Identifying jurisdictional technology and reporting requirements, developing tools to meet those requirements and marketing to businesses within said jurisdiction.

- Increasing incremental recurring revenue by developing new technology and enhancing existing technology features in order to increase existing HDX clients' return on investment resulting in existing HDX clients' purchasing additional HDX products, and Expanding the HDX reseller network and marketing additional related products and technology through this reseller network.

- The HDX Payment Processing platform will give the Company the ability to provide payment processing alternatives to our customers, and The Scheduler software will provide a product to the Company's customers to allow them to maintain a quality of service while managing a part-time workforce with a high turnover, which is an excellent addition to the Company's current POS Solutions.

Posera-HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS services companies that can be acquired at attractive multiples, and whose products or customer base complements or extends that of the Company currently. In the Company's fourth quarter of 2011, the Company completed the acquisitions of HDX Payment Processing Ltd. (formerly Cash N Go Ltd.) and certain Hospitality assets of 2020 ITS Inc. ("2020").

Acquisitions and Divestitures During the Three and Six-Months Ended June 30, 2012

There were no transactions completed by the Company during the first and second quarter of 2012.

Acquisitions and Divestitures During the Year-Ended December 31, 2011

Divestiture of Dexit Inc.(formerly Posera – HDX Inc.) ("Dexit")

On October 28, 2011 Posera-HDX Ltd. completed the divestiture of all the issued and outstanding shares of Dexit which was formed as a result of the reorganization disclosed in Note 2 to the December 31, 2011 annual consolidated financial statements. The sale price was an aggregate of $2,031,571 in cash, subject to certain post-closing adjustments. Of the $2,031,571 sale price, $1,831,571 was received on closing, with a $200,000 holdback as disclosed in Note 6 to the December 31, 2011 annual consolidated financial statements.

The Company incurred net deal costs on the reorganization of Dexit and sale in the amount of $nil (2011 - $93,981), net of a recovery from the purchaser of $nil (2011 - $125,000), which were included in General and Administrative Operating Expenditures as incurred.

As part of the divestiture of Dexit Inc. the Company entered into a standard indemnification regarding the pre-closing liabilities of Dexit, under which the Company believes that an outflow of resources will be remote. The results of Dexit's operations have been included in the financial statements until the divestiture on October 28, 2011.

The carrying value of Dexit's net assets on October 28, 2011 were as follows:

	$
Cash	5,790
Restricted Cash	20,454
Other Current Assets	27,073
Deferred Income Tax Assets	2,000,000
Current liabilities	(21,746)
Net assets divested	**2,031,571**

Consideration:	
Cash consideration	1,831,571
Holdback receivable on the sale of Dexit Inc.	200,000
Total consideration	**2,031,571**

HDX Payment Processing Ltd. (formerly Cash N Go Ltd.) ("Cash N Go")

On December 15, 2011 Posera-HDX completed the acquisition of all the issued and outstanding shares of Cash N Go. The purchase price was an aggregate of $397,571, comprised of $157,571 in cash and 1,000,000 common shares of Posera-HDX, with a hold-period that were not freely tradable until December 15, 2013, with a fair-value of $240,000. The acquisition provided the Company with a payment switch solution to market to its customer base.

The Company incurred deal costs on the transaction of $945 (2011 - $33,434), which were included in General and Administrative Operating Expenditures as incurred.

The results of Cash N Go's operations have been included in the annual consolidated financial statements since December 15, 2011. Since the date of acquisition Cash N Go has generated revenue of $58 and incurred a net loss of $19,389. The acquisition of Cash N Go is accounted for using the acquisition method. HDX is identified as the acquirer. The following table summarizes the fair value of the assets acquired and liabilities assumed and consideration paid at the date of the acquisition. The cost of the intangible assets acquired includes Computer Software of $224,481. Goodwill represented the excess earning capacity as a result of synergistic revenue opportunities and cost reductions.

The identifiable net assets of Cash N Go that were acquired at fair value as at December 15, 2011 are as follows:

	$
Cash	9,846
Current assets excluding cash	9,243
Property, plant and equipment	182,371
Intangible assets	224,481
Current liabilities	(35,800)
Deferred Income Tax Liability	(68,904)
Goodwill acquired in business combination	76,334
Net assets acquired	**397,571**

Consideration:	
Cash consideration	157,571
Share consideration	240,000
Total consideration	**397,571**

<u>Acquisition of certain Hospitality assets of 2020 ITS Inc. ("2020")</u>

On December 30, 2011, Posera-HDX completed the acquisition of certain hospitality assets of 2020, through a wholly owned subsidiary Posera – HDX Scheduler Inc. The purchase price was an aggregate of $999,385, comprised of $285,000 in cash, 1,045,488 common shares of Posera-HDX, which had a hold-period, and were not freely tradable until February 1, 2013, with a fair-value of $243,076, and a royalty payable on future sales of a certain technology acquired, whose fair-value was estimated at $471,309 on the date of acquisition. The acquisition of 2020 provided the Company with a complementary technology product suite to its existing products, and customer relationships to market the Company's products.

The Company incurred deal costs on the transaction in the amount of $3,664 (2011 - $29,099) for the year-ended December 31, 2011, which was expensed in the Statement of Operations as incurred.

The results of 2020's operations have been included in the annual consolidated financial statements since December 30, 2011. Since the date of acquisition 2020 has generated revenue and a net loss of $nil. The acquisition of 2020 is accounted for using the acquisition method. Posera-HDX is identified as the acquirer. The following table summarizes the fair value of the assets acquired and liabilities assumed and consideration paid at the date of the acquisition. The cost of the intangible assets acquired includes Customer Relationships $164,000 and Technology $489,000. Goodwill represented the excess earning capacity as a result of synergistic revenue opportunities and cost reductions, and the assembled workforce.

The identifiable net hospitality assets of 2020 that were acquired at fair value as at December 30, 2011 are as follows:

	$
Current assets excluding cash	20,000
Current liabilities	(5,000)
Property, plant and equipment	10,000
Deferred tax assets	72,500
Intangible assets	653,000
Goodwill acquired in business combination	248,885
Net assets acquired	**999,385**

Consideration:	
Cash consideration	285,000
Share consideration	243,076
Royalty consideration	471,309
Total consideration	**999,385**

Critical Accounting Estimates and Judgments

This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements for the years-ended December 31, 2011 and 2010, including the notes thereto, in particular Note 2. Posera-HDX's consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, while the condensed consolidated interim financial statements are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, collectively referred to as ("**IFRS**"). The Consolidated Financial Statements for the year-ended December 31, 2011 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

The Company has considered in determining its critical accounting estimates, trends, commitments, events or uncertainties that it reasonably expects to materially affect the methodology or assumptions, subject to the items identified in the Caution regarding forward-looking statements section of this MD&A.

Critical accounting judgments

The preparation of annual consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The following are the significant accounting judgments that were made in the preparation of the financial statements:

<u>Cash-generating units ("CGU"s)</u>

In testing for impairment of certain assets that do not have independent cash inflows, the Company is required to group non-goodwill long-lived assets into CGUs which is the lowest level of assets that produce cash inflows which are independent of other assets. Goodwill is allocated to each CGU, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes and is not larger than an operating segment.

Functional currency of consolidated entities.

Under IFRS, each consolidated entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of consolidated entities, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

Critical accounting estimates

The following are some of the estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Refer to Note 2 of the Annual Consolidated Financial Statement and MD&A for the years-ended December 31, 2011 and 2010 for a complete listing of the Company's critical accounting estimates.

a. *Intangible asset – June 30, 2012 - $5,580,663 (June 30, 2011 - $5,680,631, March 31, 2012 - $5,871,091) and Goodwill – June 30, 2012 - $6,644,678 (June 30, 2011 - $6,172,216, March 31, 2012 - $6,590,920)*
    - Critical estimates relate to the valuation of intangible assets and goodwill acquired in business combinations and the potential impairment of intangible assets and goodwill as part of the CGU impairment testing.
    - See the detailed disclosure surrounding the estimates used in the December 31, 2011 annual consolidated financial statements and MD&A.

b. *Royalty payable – June 30, 2012 - $496,447 (June 30, 2011 - $Nil March 31, 2012- $483,768)*
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2011 annual consolidated financial statements and MD&A.

c. *Conversion option – June 30, 2012 - $nil (June 30, 2011 - $158,057, March 31, 2011- $1,027)*
    - The following key assumptions were used in determining the fair-value at the respective dates:

	June 30, 2012	June 30, 2011	March 31, 2012
Fair value of Common Shares	N/A	$ 0.36	$ 0.30
Volatility	N/A	101.42%	104.64%
Risk free rate	N/A	1.58%	0.95%

    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2011 annual consolidated financial statements and MD&A.

d. *Investment Tax Credits Receivable – non-refundable – June 30,2012 - $1,137,661 (June 30, 2011 - $904,590 March 31, 2012 - $1,075,737)*
    - Management estimates that the non-refundable Investment Tax Credits receivable will be recoverable before expiry. See detailed disclosure surrounding the expiry dates for non-refundable Investment Tax Credits Receivable in Note 3 to the accompanying quarterly consolidated financial statements.
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2011 annual consolidated financial statements and MD&A.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012.

Analysis of the Unaudited Quarterly Results	**Q2-2012 (unaudited) $**	**Q2-2011 (unaudited) $**	**Q1-2012 (unaudited) $**		**Q2-2012 vs. Q2-2011 $**	**%**	**Q2-2012 vs. Q1-2012 $**	**%**
Revenue	4,245,960	4,215,178	3,630,044		30,782	0.7%	615,916	17.0%
Cost of Sales								
Cost of inventory	935,227	952,832	646,908		(17,605)	(1.8%)	288,319	44.6%
Technology	566,978	435,444	461,687		131,534	30.2%	105,291	22.8%
Operations and Support	1,189,837	1,121,519	1,210,730		68,318	6.1%	(20,893)	(1.7%)
Total Cost of Sales	**2,692,042**	**2,509,795**	**2,319,325**		**182,247**	**7.3%**	**372,717**	**16.1%**
Gross Profit	1,553,918	1,705,383	1,310,719		(151,465)	(8.9%)	243,199	18.6%
Gross Profit Percentage	36.6%	40.5%	36.1%			(3.9%)		0.5%
Operating Expenditures								
Sales and marketing	847,176	622,585	894,064		224,591	36.1%	(46,888)	(5.2%)
General and administrative	1,210,829	1,216,032	1,136,599		(5,203)	(0.4%)	74,230	6.5%
Total Operating Expenditures	**2,058,005**	**1,838,617**	**2,030,663**		**219,388**	**11.9%**	**27,342**	**1.4%**
	(504,087)	**(133,234)**	**(719,944)**		**(370,853)**	**278.4%**	**215,857**	**30.0%**
Other expenses (income)								
Interest expense	69,260	97,766	72,275		(28,506)	(29.2%)	(3,015)	(4.2%)
Realized and unrealized loss on foreign exchange	(104,417)	29,120	32,512		(133,537)	(458.6%)	(136,929)	(421.2%)
Interest and other income	(5,913)	(2,516)	(1,942)		(3,397)	135.0%	(3,971)	204.5%
Gain on held for trading financial instruments	(1,027)	(6,001)	(34,529)		4,974	(82.9%)	33,502	97.0%
	(42,097)	**118,369**	**68,316**		**(160,466)**	**(135.6%)**	**(110,413)**	**(161.6%)**
Net loss before income taxes	**(461,990)**	**(251,603)**	**(788,260)**		**(210,387)**	**83.6%**	**326,270**	**(41.4%)**
Current	6,140	-	37,155		6,140	100.0%	(31,015)	(83.5%)
Future	(27,104)	(156,209)	(50,098)		129,105	(82.6%)	22,994	(45.9%)
Net income (loss) attributable to owners of the parent	**(441,026)**	**(95,394)**	**(775,317)**		**(345,632)**	**362.3%**	**334,291**	**(43.1%)**
Other comprehensive income	11,716	(8,855)	(28,384)		20,571	(232.3%)	40,100	(141.3%)
Comprehensive income (loss), attributable to owners of the parent	**(429,310)**	**(104,249)**	**(803,701)**		**(325,061)**	**311.8%**	**374,391**	**(46.6%)**
Non-IFRS reporting measures(as outlined on Pages 16 – 18 of this MD&A):	(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA	**(134,243)**	**199,900**	**(326,615)**		**(334,143)**	**(167.2%)**	**192,372**	**(58.9%)**
Normalized EBITDA	**757**	**233,513**	**(322,113)**		**(232,756)**	**(99.7%)**	**322,870**	**(100.2%)**

The presentation of the below of Selected Financial Data is for the purposes of this management discussion and analysis. The 2012 and 2011 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	June 30, 2012	June 30, 2011	March 31, 2012
Revenue	$ 4,245,960	$ 4,215,178	$ 3,630,044
Net income (loss), attributable to the owners of the parent	(441,026)	(95,394)	(775,317)
Income (loss) per share – basic and diluted	(0.01)	(0.00)	(0.02)
Weighted average number of shares outstanding (000's) - basic	48,434	45,618	48,434
Weighted average number of shares outstanding (000's) – diluted	48,434	45,618	48,434
Cash and cash equivalents	1,452,212	524,709	1,729,544
Bank indebtedness	235,659	358,514	216,390
Working capital (as outlined on Page 19 of this MD&A)	2,010,549	1,224,963	2,368,824
Total assets	20,477,781	19,336,071	20,373,075
Long-term liabilities	2,568,138	2,483,146	2,815,293
Total shareholders' equity	13,044,118	11,695,033	13,365,926

Comparison of the unaudited quarters ended June 30, 2012 and 2011 and March 31, 2012

Revenue:

Revenue Comparisons June 30, 2012, June 30, 2011 and March 31, 2012

Posera-HDX recognized revenue of $4,245,960 for the three-months ended June 30, 2012 compared to $4,215,178 for the three-months ended June 30, 2011, an increase of $30,782 (0.7%) and $3,630,044 for the three-months ended March 31, 2012, an increase of $615,916 (17.0%). The increase in revenue during the three-months ended June 30, 2012 compared to March 31, 2012 is primarily a seasonal fluctuation, where the seasonal result of the first quarter tends to be the weakest quarter of the year. The revenue generated between the three-months ended June 30, 2012 and 2011 were relatively consistent.

Cost of Sales:

Cost of Sales Comparisons June 30, 2012, June 30, 2011 and March 31, 2012

Posera-HDX recognized cost of inventory of $935,227 (22.0% of revenues) for the three-months ended June 30, 2012, compared to $952,832 (22.6% of revenues) for the three-months ended June 30, 2011 and $646,908 (17.8% of revenues) for the three-months ended March 31, 2012. The changes in the cost of inventory as a percentage of revenue is a result of a change in product mix between the respective periods. For example the Company earned a higher proportion of revenue related to service contracts in the three-months ended March 31, 2012 than in the three-months ended June 30, 2012 and 2011 as a result of lower overall sales. This resulted in a lower percentage of cost of inventory as a proportion of revenues during the three-months ended March 31, 2012 as the total contract revenue was relatively consistent between all three reporting periods.

Technology expenses in the three-months ended June 30, 2012 were $566,978, an increase of $132,534 (30.2%) from $435,444 in the three-months ended June 30, 2011 and an increase of $105,291 (22.8%) from $461,687 in the three-months ended March 31, 2012.

Included in the technology expense for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 is amortization of technology intangible assets, totaling $142,751, $79,368 and $140,809 respectively. Excluding these one-time expenditures and intangible asset amortization, Posera-HDX`s technology expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 would have been $424,227, $356,076, and $320,878 respectively. During the three-months ended June 30, 2012 the Company completed a reassessment of is investment tax credits receivable, which are refundable and as a result increased the technology expense in the second quarter of 2012 by $85,905. The three-months ended June 30, 2011 and March 31, 2012 did not have a similar reassessment. Adjusting for this tax accrual, results in the technology expense being consistent in each of the three quarters.

Technology Expense Reconciliation	**For the quarters ended**		
	June 30, 2012	**June 30, 2011**	**March 31, 2012**
Technology expense	**$ 566,978**	**$ 435,444**	**$ 461,687**
Less: Amortization of intangible assets	142,751	79,368	140,809
Adjusted technology expense	**$ 424,227**	**$ 356,076**	**$ 320,878**

Operations and support expenses were $1,189,837 in the three-months ended June 30, 2012; an increase of $68,318 (6.1%) from $1,121,519 in the three-months ended June 30, 2011, and a decrease of $20,893 (1.7%) from $1,210,730 in the three-months ended March 31, 2012. The operations and support expenses remained relatively consistent as the employee headcount and other operations and support expenses remained relatively consistent between all of the comparable quarters.

Operating Expenditures:

Posera-HDX recognized operating expenditures of $2,058,005 for the three-months ended June 30, 2012 compared to $1,838,617 for the three-months ended June 30, 2011, and $2,030,663 for the three-months ended March 31, 2012.

Overall operating expense, which is comprised of sales and marketing and general and administration expenses, for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2011 had one-time expenditures relating to the various acquisitions during 2011, an office move and the 2011 corporate reorganization, and legal expenses totaling $27,498, $199,741 and $nil respectively. Excluding these one-time expenditures, Posera-HDX`s overall operating expenditures for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012, would have been $2,033,385, $1,638,876, and $2,030,663 respectively.

Sales and marketing expenses were $847,176 in the three-months ended June 30, 2012 an increase of $222,591 (36.1%) from $622,585 in the three-months ended June 30, 2011, and a decrease of $46,888 (5.2%) from $894,064 in the three-months ended March 31, 2012. The sales and marketing expenses increased in the three-months ended June 30, 2012 compared to June 30, 2011 as a result of an increase in headcount and through the inclusion of the sales and marketing expenses from the HDX Payment Processing and Scheduler divisions which were both acquired in December, 2011. Additionally, included in Sales and Marketing for the three-months ended June 30, 2011 was a gain on customer liabilities from a comprehensive review of the Company's customer liabilities which resulted in a gain of $180,628. The

Company did not incur a similar gain or loss relating to the customer liabilities during the three-months ended June 30, 2012 and March 31, 2012.

Included in general and administrative expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 was non-cash stock-based compensation expense of $107,502, $14,500 and $4,502 respectively. Excluding these non-cash stock compensation expenses, and the one-time expenditures above, Posera-HDX's operating expenditures for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012, would have been $1,950,503, $1,824,117 and $2,026,161 respectively.

Included in the general and administrative expenses is certain amortization of equipment and intangible assets. For the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 amortization of equipment and intangible assets was $83,632, $107,809 and $81,472 respectively. Excluding the previously discussed non-cash stock compensation expenses, the one-time expenditures above and amortization of equipment and intangible assets, Posera-HDX's operating expenditures for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012, would have been $1,866,871, $1,716,308 and $1,944,689, respectively.

General and administrative expenses were $1,210,829 in the three-months ended June 30, 2012; a decrease of $5,203 (0.4%) from $1,216,032 in the three-months ended June 30, 2011, and an increase of $74,230 (6.5%) from $1,136,599 in the three-months ended March 31, 2012. Included in general and administrative expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 is stock-based compensation expense of $107,502, $14,500 and $4,502 respectively. Additionally, included in general and administrative expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 are one-time expenditures of $27,498, $77,937 and $nil respectively. Finally, included in general and administrative expenses for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 is amortization of intangible assets and property, plant and equipment of $83,632, $107,809 and $81,472 respectively.

After factoring these amounts, the adjusted general and administrative expenditures the decrease in the quarter over quarter relates primarily to the general and administrative expenses that were incurred in the second quarter of 2011 and the first quarter of 2012, but were not incurred during the same period in 2011. See the table below for a summary:

General and Administrative Expense Reconciliation			
	June 30, 2012	**June 30, 2011**	**March 31, 2012**
General and administrative expense	**$ 1,210,829**	**$ 1,216,032**	**$ 1,136,599**
Less: Stock-based compensation expense	107,502	14,500	4,502
Less: Amortization of intangible assets	34,583	67,083	34,436
Less: Amortization of PP&E	49,049	40,726	47,036
Less: One-time expenditures	27,498	77,937	-
Adjusted general and administrative expense	**$ 992,197**	**$ 1,015,786**	**$ 1,050,625**

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debenture issued as a result of the Posera acquisition. Interest expense for the three-months ended June 30, 2012 of $69,260 decreased $28,506 and $3,015 from $97,766 and $72,275 for the three-months ended June 30, 2011 and March 31, 2012 respectively as a result of reductions in the outstanding interest-bearing debts through regularly scheduled repayments.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the (gain) loss on the foreign denominated convertible debenture and net assets denominated in foreign currencies. As a result of the decrease in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has increased, resulting in a loss during the three-months ended June 30, 2012. Additionally, the net assets denominated in foreign currencies incurred a gain during the three-months ended June 30, 2012 as a result of a decrease of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized (gain) loss on foreign exchange has impacted the three comparable reporting periods, June 30, 2012, June 30, 2011 and March 31, 2011. The impact to income is predicated on the foreign exchange movements in net assets denominated in a currency other than the functional currency and the revelation of the convertible debenture from USD to CAD.

Interest and other income is comprised primarily of interest earned from the investing of HDX's corporate funds. The interest earned remained relatively consistent between the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012, as the interest rates earned, and balances deposited remained relatively consistent.

The (gain) loss on held for trading financial instruments is comprised entirely of the (gain) loss on the conversion option of the convertible debenture and revaluation of closing consideration. The gain during three-months ended June 30, 2011 resulted from the change in the fair-value of the conversion option, largely the result of the reduction in the time to expiry of the conversion option, which expires on May 5, 2012 of ($1,027), ($6,001) and ($34,529) for the three-months ended June 30, 2012, June 30, 2011 and March 31, 2012 respectively.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	June 30, 2012	June 30, 2011	March 31, 2012
Direct POS	$ 2,137,883	$ 2,201,467	$ 1,731,074
POS Software	2,137,389	2,032,337	1,912,066
Other	-	-	487
Intersegment - POS Software	(29,312)	(18,626)	(13,583)
Total	**$ 4,245,960**	**$ 4,215,178**	**$ 3,630,044**
	Operating profit for the three-months ended [(1)]		
	June 30, 2012	June 30, 2011	March 31, 2012
Direct POS	$ 102,557	$ 109,237	$ (113,352)
POS Software	145,536	190,899	82,115
Other	(111,844)	-	(120,743)
Total	**$ 136,249**	**$ 300,136**	**$ (151,980)**

(1) Operating profit is earnings before corporate headquarters operating expenditures, interest earnings and expense, taxes, amortization, foreign exchanges losses and gains and realized currency translation gains and losses.

Revenue

For the three-months ended June 30, 2012, Direct POS revenue decreased $63,584 (2.9%) and increased $406,809 (23.5%) when compared to the three-months ended June 30, 2011 and March 31, 2012 respectively. Direct POS revenues for the three-months ended June 30, 2012 compared to the three-months ended March 31, 2012 increased primarily as a result of a seasonal fluctuation, where the seasonal result of the first quarter tends to be the weakest quarter of the year. The marginal increase in revenue during the three-months ended June 30, 2012 compared to the three-months ended June 30, 2011 is a result of the Company completing a similar number of system installations when compared to the three-months ended June 30, 2011. For the three-months ended June 30, 2012, POS Software revenue increased $105,052 (5.2%) and increased $225,323 (11.8%) when compared to the three-months ended June 30, 2011 and March 31, 2012 respectively. POS revenues increased compared to the three-months ended June 30, 2011 primarily as a result of additional software license sales during the three-months ended June 30, 2012. POS revenues increased compared to the three-months ended March 31, 2012, primarily as a result of a seasonal fluctuation, where the seasonal results for the first quarter tends to be the slowest quarter of the year.

Operating Profit

For the three-months ended June 30, 2012, Direct POS operating profit decreased $6,680 (6.1%) and increased $215,909 (190.5%) when compared to the three-months ended June 30, 2011 and March 31, 2012 respectively. For the three-months ended June 30, 2012, POS Software operating profit decreased $45,363 (23.8%) and $63,421 (77.2%) compared to the three months ended June 30, 2011 and March 31, 2012 respectively. Finally, for the three-months ended June 30, 2012, the Other segments operating profit decreased $111,844 (100.0%) and increased $8,899 (7.4%) compared to the three-months ended June 30, 2011 and March 31, 2012 respectively. The Company expects to continue to make significant investments in these divisions into the foreseeable future and will strive to increase revenues and operating profits for these divisions and products as quickly as possible.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended June 30, 2012 as prepared in accordance with IFRS and certain Non-IFRS measurements. The information has been derived from our unaudited quarterly financial statements that, in management's opinion, have been prepared on a basis consistent with the audited financial statements for the years ended December 31, 2011 and 2010 and include all adjustments necessary for a fair presentation of information presented. The Earnings (Loss) Per Share – Basic and Diluted per quarter may not aggregate to the Earnings (Loss) Per Share – Basic and Diluted in the annual financial statements due to rounding. The following numbers differ from those previously reported as a result of certain IFRS adjustments discussed previously.

	2012		**2011**	
	Q2	**Q1**	**Q4**	**Q3**
Revenues	$ 4,245,960	$ 3,630,044	$ 4,812,109	$ 4,541,336
EBITDA	$ (134,243)	$ (326,615)	$ 261,258	$ 145,517
Normalized EBITDA	$ 757	$ (322,113)	$ 286,415	$ 384,414
Net Income (Loss) Attributable to the Owners of the Parent	$ (441,026)	$ (775,317)	$ 1,917,627	$ (220,636)
Comprehensive Income (Loss), Attributable to the Owners of the Parent	$ (429,310)	$ (803,701)	$ 1,856,905	$ (95,676)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.02)	$ 0.03	$ (0.00)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.02)	$ 0.03	$ (0.00)
	2011		**2010**	
	Q2	**Q1**	**Q4**	**Q3**
Revenues	$ 4,215,178	$ 4,131,148	$ 5,219,357	$ 4,288,316
EBITDA	$ 199,900	$ 270,697	$ 287,262	$ (15,333)
Normalized EBITDA	$ 233,513	$ 301,681	$ 519,533	$ 111,345
Net Income (Loss), Attributable to Owners of the Parent	$ (95,394)	$ (115,701)	$ (41,285)	$ (55,422)
Comprehensive Loss, Attributable to Owners of the Parent	$ (104,249)	$ (161,569)	$ (132,312)	$ (92,231)
Earnings (Loss) Per Share Basic	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Earnings (Loss) Per Share Diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss Attributable to Owners of the Parent to EBITDA and Normalized EBITDA	2012		2011	
	Q2	Q1	Q4	Q3
Net Loss Attributable to the Owners of the Parent	**$ (441,026)**	**$ (775,317)**	**$ 1,917,627**	**$ (220,636)**
Interest expense	69,260	72,275	79,431	85,570
Exchange loss (gain)	(104,417)	32,512	37,792	(107,335)
Interest and other income	(5,913)	(1,942)	(3,960)	(2,330)
Gain on held for trading financial instruments	(1,027)	(34,529)	(21,235)	(101,266)
Amortization of equipment	49,049	47,036	26,354	40,208
Amortization of intangible assets	320,795	320,407	284,967	277,656
Tax provision (recovery)	(20,964)	12,943	(2,059,718)	173,650
EBITDA	**$ (134,243)**	**$ (326,615)**	**$ 261,258**	**$ 145,517**
One-time non-recurring expenditures and (recoveries)	27,498	-	25,201	125,784
Stock-based compensation expense	107,502	4,502	(44)	147,513
SR&ED technology expense reduction relating to prior years	-	-	-	(34,400)
Investment tax reassessment by tax authorities[1]	-	-	-	-
Normalized EBITDA	**$ 757**	**$ (322,113)**	**$ 286,415**	**$ 384,414**

(1) The Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review performed by the relevant income tax authorities during the three-months ended June 30, 2011. The change in estimate resulted in an increased one-time expenditure to the technology expense of $121,804 for the three- months ended June 30, 2011. Of the $121,804 adjustment, $50,943 relates to a date of acquisition revaluation and $70,861 relates to investment tax credits receivable booked post acquisition. The Company applied the $70,861 ratably to quarters post-acquisition to calculate the Normalized EBITDA.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent (continued)

Net Loss Attributable to Owners of the Parent to EBITDA and Normalized EBITDA	**2011**		**2010**	
	Q2	Q1	Q4	Q3
Net Income (Loss) Attributable to the Owners of the Parent	**$ (95,394)**	**$ (115,701)**	**$ (41,284)**	**$ (55,422)**
Interest expense	97,766	81,656	112,434	108,980
Exchange loss (gain)	29,120	35,404	(96,504)	(43,139)
Interest and other income	(2,516)	(2,132)	(2,751)	(608)
Gain on held for trading financial instruments	(6,001)	(56,308)	(139,152)	(331,139)
Amortization of equipment	40,726	41,052	47,717	39,092
Amortization of intangible assets	292,408	323,066	451,774	251,829
Intangible asset impairment	-	-	-	-
Goodwill impairment	-	-	-	-
Tax provision (recovery)	(156,209)	(36,350)	(44,972)	15,074
EBITDA	**$ 199,900**	**$ 270,697**	**$ 287,262**	**$ (15,333)**
One-time non-recurring expenditures	(102,691)	35,809	69,709	145,795
Stock-based compensation expense	14,500	14,500	181,888	209
Investment tax reassessment by tax authorities(1)	121,804	(19,326)	(19,326)	(19,326)
Normalized EBITDA	**$ 233,513**	**$ 301,681**	**$ 519,533**	**$ 111,345**

(1) The Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review performed by the relevant income tax authorities during the three-months ended June 30, 2011. The change in estimate resulted in an increased one-time expenditure to the technology expense of $121,804 for the three- months ended June 30, 2011. Of the $121,804 adjustment, $50,943 relates to a date of acquisition revaluation and $70,861 relates to investment tax credits receivable booked post acquisition. The Company applied the $70,861 ratably to quarters post-acquisition to calculate the Normalized EBITDA.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent (continued)

Equity Attributable to Owners of the Parent to Working Capital			
	June 30, 2012	**March 31, 2012**	**June 30, 2011**
Equity Attributable To Owners of the Parent	**$ 13,044,118**	**$ 13,365,926**	**$ 11,695,033**
Add: Long-term portion of notes payable	649,901	887,835	1,107,235
Add: Long-term portion of vehicle Loans	24,922	28,678	53,418
Add: Long-term portion of royalty payable	486,183	479,690	-
Add: Conversion option	-	1,027	158,057
Add: Future income tax liability	1,407,132	1,419,090	1,322,493
Less: Goodwill	(6,644,678)	(6,590,920)	(6,172,216)
Less: Intangible assets	(5,580,663)	(5,871,091)	(5,680,631)
Less: Long-term portion of investment tax credits receivable	(1,137,661)	(1,075,737)	(904,590)
Less: Long-term portion of lease receivable	(28,776)	(31,840)	(51,095)
Less: Deposit on leased premises	(34,411)	(34,410)	(34,410)
Less: Equipment	(175,518)	(209,424)	(233,331)
Less: Deposit on pending acquisitions	-	-	(35,000)
Working Capital	**$ 2,010,549**	**$ 2,368,824**	**$ 1,224,963**

Liquidity and Financial Resources

As at June 30, 2012, HDX had cash and cash equivalents totaling $1,452,212 (June 30, 2011 - $524,709).

For the quarter-ended June 30, 2012 and 2011, provided by / (used in) operating activities was ($165,178) and $14,911 respectively. Cash used in operations for the quarter-ended June 30, 2012 resulted from a net loss and changes in non-cash working capital items, which was partially offset by items not affecting cash such as amortization, interest accretion and stock-based compensation. Cash provided by operations for the quarter-ended June 30, 2011 resulted from a net loss, a deferred income tax recovery and changes in non-cash working capital items, which was partially offset by items not affecting cash such as amortization, interest accretion and stock-based compensation

For the quarters-ended June 30, 2012 and 2011, cash used in financing activities were $116,435 and $146,122 respectively. Cash used in financing activities for the three-months ended June 30, 2012 resulted primarily from the repayments of the notes payable and vehicle loan payments. Cash used in financing activities for the three-months ended June 30, 2011 was a result of the repayments of the notes payable and vehicle loan payments, which was partially offset by the exercise of stock options and the Company undertaking a new vehicle loan. HDX expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets.

For the quarters-ended June 30, 2012 and 2011, cash used in investing activities was $15,038 and $53,180 respectively. The cash used in investing activities during the three-months ended June 30, 2012 relates to the acquisition of property plant and equipment. The cash used in investing activities during the three-months ended June 30, 2011 relates primarily to the acquisition of property plant and equipment and a deposit on a pending acquisition.

Working capital at June 30, 2012 and 2011 and March 31, 2012 was $2,010,549, $1,224,963 and $2,364,824,respectively.

Capital Structure

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans as shown in the Consolidated Statement of Financial Position. Total equity is the equity attributable to owners of the Company plus the conversion option in the Consolidated Statement of Financial Position.

The debt to equity ratios as at June 30, 2012, June 30, 2011 and March 31, 2012 were as follows:

	June 30, 2012	June 30, 2011	March 31, 2012
Total Debt			
Notes payable	$ 1,130,673	$ 1,483,840	$ 1,181,073
Vehicle loans	38,885	83,624	46,094
Bank indebtedness	235,659	358,514	216,390
Total Debt	**$ 1,405,217**	**$ 1,925,978**	**$ 1,443,557**
Equity			
Equity attributable to owners of the Company	$ 13,044,118	$ 11,695,033	$ 13,365,926
Conversion Option	-	158,057	1,027
Total Equity	**$ 13,044,118**	**$ 11,853,090**	**$ 13,366,953**
Debt to Equity Ratio	**10.77%**	**16.25%**	**10.80%**

The Company has arrangements in place that allow us to access the additional debt financing for funding when required through various lines of credit. The Company’s credit capacity as at June 30, 2012 was $263,000 (December 31, 2011 - $260,516), of which the Company had utilized $235,659 (December 31, 2011 - $181,746). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

Summary of Contractual Obligations

	Payments Due by Period				
Contractual Obligations	Total	2012	2013 – 2014	2015 - 2016	2017 and beyond
Operating Leases	$ 867,888	$ 219,895	$ 493,322	$ 154,671	$ -
Long-Term Debt	1,435,688	239,615	1,024,864	171,209	-
Vehicle Loans	42,546	9,424	22,288	10,834	-
Total Contractual Obligations	$ 2,346,122	$ 468,934	$ 1,540,474	$ 336,714	$ -

Capital Resources

Except as otherwise disclosed, the Company does not expect to make significant capital expenditures in the near future. HDX has invested in and developed an information systems infrastructure that will scale to meet the majority its anticipated market requirements. Posera-HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS services companies that can be acquired at attractive multiples.

Financial arrangements not presented in the consolidated statements of financial position

The Company does not have any financial arrangements not presented in the consolidated statements of financial position arrangements that would ordinarily be considered ‘off balance sheet’ financing.

Transactions with Related Parties

The Company recognized revenue from a company controlled by the CEO, who is also a director of the company, during the three and six-months ended June 30, 2012, based on amounts agreed upon by the parties, in the amounts of $22,857 and $38,981 (2011 - $20,114 and $35,562) respectively. The Company recognized operating expenses and purchased products of $84,826 and $186,432 during the three-months ended June 30, 2012 (2011 - $107,113 and $257,082) from a Company controlled by the CEO at the exchange amount. As at June 30, 2012, the Company has a receivable position of $18,475 (December 31, 2011 - $21,066), and a payable of $60,632 (December 31, 2011 - $44,255), which will be settled between the related parties in the normal course of business.

During the three and six-months ended June 30, 2011, the company recognized stock-based compensation expense, included in Note 10(b), to certain directors and executives in the amount of $107,502 and $102,004 (2011 - $14,500 and $29,000) respectively.

During the three and six-months ended June 30, 2012, the Company received legal fees and disbursement invoices totaling $26,059 and $26,059, (2011 - $75,489 and $104,343) respectively, from a law firm, a partner of which is a director of the Company. As at June 30, 2012, the Company has a payable position of $26,059 (December 31, 2011 - $277,747) which will be settled between the related parties in the normal course of business.

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	Three-months ended June 30, 2012	Six-months ended June 30, 2012	Three-months ended June 30, 2011	Six-months ended June 30, 2011
Salaries and short-term employee benefits	$ 250,297	$ 505,015	$ 214,815	$ 430,856
Share-based payments	93,752	98,254	14,500	29,000
Total	**$ 344,049**	**$ 603,269**	**$ 229,315**	**$ 459,856**

Share Capital

As at June 30, 2012, Posera-HDX had issued and outstanding 48,434,422 Class A voting common shares, and 4,381,584 options, of which 3,465,848 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at August 14, 2012 Posera-HDX had issued and outstanding 48,434,422 Class A voting common shares and 4,631,584 options, of which 3,528,348 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at May 5, 2012 the conversion option on the convertible debenture expired and therefore cannot be converted into Common Shares. Additionally, the 5,526,546 warrants outstanding as at March 31, 2012 expired on April 27, 2012 and are no longer exercisable.

Disclosure Controls and Procedures (DC&P) and Internal Controls Over Financial Reporting

The Company's management, including the Chief Executive Office ("CEO") and the Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, the Company maintains a set of disclosure controls and procedures designed to ensure that the information required to be disclosed in filings is recorded, process, summarized and reported with the time periods specified in the Canadian Securities Administrators rules and forms. An evaluation of the design of and operating effectiveness of the Company's disclosure controls and procedures was conducted during the fiscal year-ended December 31, 2011 under the supervision of the CEO and CFO as required by Canadian Securities Administrators Multilateral National Instrument 52-109, *Certification of Disclosure in Issues' Annual and Interim Filings.* The evaluation included review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and CFO have concluded that such disclosure controls and procedures are effective.

The CEO and CFO are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management, under the supervision of the CEO and CFO have evaluated whether there were changes to the Company's internal controls over financial reporting during the interim period ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2012, the Company aims to continue to improve process documentation to highlight the controls in place which are addressing the key risks, in addition to developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports.

Recent changes identified relate to the following;

i) The Company completed the acquisitions of Cash N Go and 2020 late in the fourth quarter of 2011. The Company is in the process of integrating these businesses under the Company's current reporting processes and procedures; and

ii) The Company completed the transition to IFRS as of January 1, 2011 and issued its first statements under IFRS for the three months ended March 31, 2011. The conversion to IFRS impacted other key elements of the business outside of the accounting and finance function.

   a. The Company assessed there to be minimal impact to the Company's information technology systems, as the Company had only identified minimal adjustments that required posting and tracking relating to the transition to IFRS.

   b. The Company ensured that the key IFRS conversion team members had been adequately trained in order to be able to lead the implementation to IFRS. These employees received ongoing training post conversion to ensure that the Company remains knowledgeable of changes to IFRS.

   c. The Company's had assessed that the control environment surrounding the internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") would be impacted as a result of a transition to IFRS. The Company ensured that the key IFRS team members had received adequate training and the Company is striving to continuously improve ICFR and DC&P, and specifically incorporate IFRS in this continuous improvement analysis.

No other changes were identified through management's evaluation of the controls over financial reporting. Throughout the remainder of 2012 the Company aims to achieve continuous improvement with respect to;

- process documentation to highlight the controls in place which are addressing the key risks;
- developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports; and
- integrating all of the acquired entities onto one accounting system platform.

Management of the Company believes in and are committed to establishing rigorous DC&P and ICFR. Our management team will continue to evaluate the effectiveness of our overall control environment and will continue to refine existing controls as they, in conjunction with the Audit Committee, Board of Directors, CEO and CFO, deem necessary. It should be noted that the control deficiencies identified by the Company did not result in adjustment to our annual audited Consolidated Financial Statements for the year ended December 31, 2011.

Period-end Financial Reporting Process

The Company did not maintain consistently and effective controls over the period-end financial reporting process throughout the year, specifically:

- Although controls are performed, adequate evidence does not always exist demonstrating the performance of controls such as review of account reconciliations, spreadsheets and significant account balances requiring the use of accounting estimates.

Limitation of Control Procedures

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can only provide reasonable, not absolute assurance that the control system objectives will be met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can by no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. In the Annual Information Form of the Company which was filed on March 29, 2012, it provided a detailed review of the risks that could affect its financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com.

® Registered trade-mark of Posera-HDX Ltd.