POSERA-HDX LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTHS ENDED SEPTEMBER 30, 2013

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 September 30, 2013 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 September 30, 2013, compared to June 30, 2013 and September 30, 2012. For an analysis of the nine-months ending September 30, 2013 compared to September 30, 2012, please read this MD&A in conjunction with the MD&A for the three-months ending June 30, 2013 and the three and nine-months ending September 30, 2012. The effective date of this MD&A is November 14, 2013.

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 28, 2013 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 Company's strong performance continued and accelerated in the third quarter. New sales of restaurant management solutions, existing client site upgrades, software license revenues, and growing recurring contract revenues contributed to the Company achieving its' best quarter on record.

The Company achieved quarterly revenue of $5,171,555 for the three-months ended September 30, 2013, an increase of $1,138,981 (28.2%) from $4,032,574 for the three-months ended September 30, 2012. This resulted in the Company realizing an EBITDA profit for the three-months ended September 30, 2013 of $556,855, an increase of $784,264 from a ($227,409) loss for the three-months ended September 30, 2012, and an increase of $727,965 from a ($171,110) loss for the three-months ended June 30, 2013. Net Income was $410,839 excluding a non-cash write-down of $331,059 for certain processing assets, non-cash amortization of intangible assets property plant and equipment of $477,100 and non-cash stock-based compensation of $4,178.

The Company continues to pursue strategic acquisitions within the Point-of-Sale ("POS") and Payment Processing industries and has recently announced a letter-of-intent to acquire Zomaron Inc., operating as Zomaron Merchant Services ("Zomaron"), which the Company anticipates will close during the fiscal year 2013.

Founded in 2008, Zomaron provides debit and credit card processing solutions to Canadian merchants nationwide. Based in London, Ontario, Zomaron has offices in Edmonton, AB, Toronto, ON, and Montreal, QC. Through its nation-wide network of sales representatives and strategic partnerships, Zomaron has experienced rapid growth. Zomaron's exponential growth led it to be included on PROFIT magazine's 14th and 13th annual PROFIT HOT 50 ranking released in its October, 2013 and 2012 issue. Zomaron's solutions and services can also be marketed and deployed in the United States.

Today, Zomaron provides payments processing services to approximately 2,300 merchants. The opportunity to integrate payments processing services with Posera-HDX Ltd.'s solutions which are installed in the Company's existing merchant / user base of over 25,000 restaurants is very compelling.

In keeping with the Company's long-term goal of reducing un-necessary monthly expenditures, the Company's reduced its annual team member costs by approximately $220,000 per year. Furthermore, the ATM Sales and Processing division, HDX Payment Processing Ltd. ("HDXPP"), has finalized a Shared Cash Dispensing ("SCD") agreement, to outsource the processing of ATM transactions. As a result of this Agreement, which the Company expects to be fully implemented during the first quarter of 2014, the Company expects non-team member expenditure reductions and profitability improvements in the range of $300,000 to $400,000 annually. Further, as a result of the Company's decision to outsource, the Company incurred a non-cash write-down of $331,059 for certain processing assets during the three and nine-months ended September 30, 2013.

HDXPP experienced an EBITDA profit (loss) for the three-months ended September 30, 2013 of ($157,176), an increase of $15,431 from ($172,607) for the three-months ended September 30, 2012, and a decrease of $4,162 from ($153,014) for the three-months ended June 30, 2013. As a result of the outsourcing agreement, the Company expects to reduce HDXPP's EBITDA loss in the range of $75,000 to $100,000 quarterly.

Highlights and Summary - Three-months ended September 30, 2013 (Unaudited)

(*This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended September 30, 2013 September 30, 2012 and June 30, 2013".)*

- Net loss for the three-months ended September 30, 2013 was loss of $401,498, a decrease of $278,494 from a loss of $679,992 for the three-months ended September 30, 2012, and an increase of $50,508 from a loss of $350,989 for the three-months ended June 30, 2013;
- EBITDA profit for the three-months ended September 30, 2013, was $556,855, an increase of $784,264 from a loss of $227,409 for the three-months ended September 30, 2012, and an increase of $727,965 from $171,110 for the three-months ended June 30, 2013;
- Normalized EBITDA profit (loss) for the three-months ended September 30, 2013 was $282,696, an increase of $314,902 from ($32,206) for the three-months ended September 30, 2012, and an increase of $400,391 from ($117,695) for the three-months ended June 30, 2013;
- Total revenue was $5,171,555 for the three-months ended September 30, 2013, up $1,138,981 (28.2%) from $4,032,574 for the three-months ended September 30, 2012 and up $866,026 (20.1%) from $4,305,530 for the three-months ended June 30, 2013;
- Gross profit was $2,047,024 for the three-months ended September 30, 2013, up $543,664 (36.2%) from $1,503,360 for the three-months ended September 30, 2012, and up $362,037 (21.5%) from $1,684,988 for the three-months ended June 30, 2013;
- Operating expenses were $2,298,328 for the three-months ended September 30, 2013, up $202,089 (9.6%) from $2,096,239 for the three-months ended September 30, 2012, and up $192,413 (9.1%) from $2,105,915 for the three-months ended June 30, 2013;
- Included in cost of sales and operating expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 were certain one-time non-recurring expenditures, non-cash amortization of intangible assets and property plant and equipment, non-cash stock-based compensation expense and non-cash impairment to assets totaling $513,143, $195,203 and $326,714 respectively;
- Posera-HDX's cash and cash equivalents totaled $1,145,590 as at September 30, 2013, an increase of $474,249 (70.6%) from $671,341 as at September 30, 2012, and a decrease of $192,385 (14.4%) from $1,337,975 as at June 30, 2013. Bank indebtedness was $60,000 as at September 30, 2013, a decrease of $176,060 (74.6%) compared to $236,060 as at September 30, 2012, and an increase of $60,000 (100.0%) compared to $nil as at June 30, 2013; and
- Posera-HDX's working capital totaled $84,156 as at September 30, 2013, a decrease of $1,422,545 (94.4%) from $1,506,701 as at September 30, 2012, and an increase of $16,993 (26.5%) from $67,163 as at June 30, 2013.

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 96 resellers in 25 countries with approximately 550 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.

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, 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 is being outsourced and this will give the Company the ability to provide payment processing alternatives to our customers.

Posera-HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS or Payment Processing services companies that can be acquired at attractive multiples, and whose products or customer base complements or extends that of the Company currently.

Acquisitions and Divestitures During the Three and Nine-Months Ended September 30, 2013 and 2012 the Three-Months ended June 30, 2013 and 2012 in addition to the Year-Ended December 31, 2012

There were no acquisition or divestitures completed by the Company during the three and nine-months ended September 30, 2013 and 2012, the three-months ended June 30, 2013 or for the year-ended December 31, 2012.

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, 2012 and 2011, 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, 2012 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.

<u>Functional currency of consolidated entities.</u>

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, 2012 and 2011 for a complete listing of the Company's critical accounting estimates.

a. *Intangible asset – September 30, 2013 - $4,344,725 (September 30, 2012 - $5,156,840, June 30, 2013 - $4,211,051) and Goodwill – September 30, 2013 - $3,582,115 (September 30, 2012 - $6,549,526, June 30, 2013 - $4,211,051)*
    - 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, 2012 annual consolidated financial statements and MD&A.
    - See the disclosures regarding the impairment made on the intangible assets and goodwill disclosed in the Note 6, to the September 30, 2013 condensed consolidated interim financial statements.

b. *Royalty payable – September 30, 2013 - $nil (September 30, 2012 - $508,886, June 30, 2013- $127,044)*
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2012 annual consolidated financial statements and MD&A.
    - See the revaluation and payment made on the royalty disclosed in the Note 9, to the September 30, 2013 condensed consolidated interim financial statements.

c. *Investment Tax Credits Receivable – non-refundable – September 30,2013 - $1,245,114 (September 30, 2012 - $1,199,523 June 30, 2013 - $1,199,270)*
    - 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, 2012 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 September 30, 2013, September 30, 2012 and June 30, 2013.

Analysis of the Unaudited Quarterly Results	**Q3-2013 (unaudited) $**	**Q3-2012 (unaudited) $**	**Q2-2013 (unaudited) $**	**Q3-2013 vs. Q3-2012 $**	**%**	**Q3-2013 vs. Q2-2013 $**	**%**
Revenue	5,171,555	4,032,574	4,305,530	1,138,981	28.2%	866,025	20.1%
Cost of Sales							
Cost of inventory	1,331,301	905,019	968,785	426,282	47.1%	362,516	37.4%
Technology	583,040	482,762	489,127	100,278	20.8%	93,913	19.2%
Operations and Support	1,210,190	1,141,433	1,162,630	68,757	6.0%	47,560	4.1%
Total Cost of Sales	**3,124,531**	**2,529,214**	**2,620,542**	**595,317**	**23.5%**	**503,989**	**19.2%**
Gross Profit	2,047,024	1,503,360	1,684,988	543,664	36.2%	362,036	21.5%
Gross Profit Percentage	39.6%	37.3%	39.1%	2.3%	6.2%	0.5%	1.3%
Operating Expenditures							
Sales and marketing	751,705	749,829	839,192	1,876	0.3%	(87,487)	(10.4%)
General and administrative	1,215,564	1,346,410	1,266,723	(130,846)	(9.7) %	(51,159)	(4.0)%
Impairment of assets	331,059	-	-	331,059	100.0%	331,059	100.0%
Total Operating Expenditures	**2,298,328**	**2,096,239**	**2,105,915**	**202,089**	**9.6%**	**192,413**	**9.1%**
	(251,304)	**(592,879)**	**(420,927)**	**341,575**	**(57.6%)**	**169,623**	**(40.3%)**
Other expenses (income)							
Interest expense	59,923	65,895	54,159	(5,972)	(9.1%)	5,764	10.6%
Realized and unrealized loss on foreign exchange	118,634	102,421	(156,026)	16,213	15.8%	274,660	(176.0%)
Interest and other income	(2,371)	(2,582)	(2,712)	211	(8.2%)	341	(12.6%)
Gain on held for trading financial instruments	98,786	-	-	98,786	100.0%	98,786	100.0%
	274,972	**165,734**	**(104,579)**	**109,238**	**65.9%**	**379,551**	**362.9%**
Net loss before income taxes	**(526,276)**	**(758,613)**	**(316,348)**	**232,337**	**(30.6%)**	**(209,928)**	**(66.3%)**
Current	(10,625)	14,964	39,394	(25,589)	171.0%	(50,019)	(127.0%)
Future	(114,153)	(93,585)	(4,753)	(20,568)	22.0%	(109,400)	(2,301.7%)
Net income (loss) attributable to owners of the parent	**(401,498)**	**(679,992)**	**(350,989)**	**278,494**	**(41.0%)**	**(50,509)**	**14.4%**
Other comprehensive income	73,161	(45,303)	(39,326)	118,464	(261.5%)	112,487	(286.0)%
Comprehensive income (loss), attributable to owners of the parent	**(328,337)**	**(725,295)**	**(390,315)**	**396,958**	**(54.7%)**	**61,978**	**(15.9%)**
Non-IFRS reporting measures(as outlined on Pages 17 – 18 of this MD&A):	(unaudited)	(unaudited)	(unaudited)				
EBITDA	**556,855**	**(227,409)**	**(171,110)**	**784,264**	**(344.9)%**	**727,965**	**(425.4%)**
Normalized EBITDA	**282,696**	**(32,206)**	**(117,695)**	**314,902**	**977.8%**	**400,391**	**340.2%**

The presentation of the below of Selected Financial Data is for the purposes of this management discussion and analysis. The 2013 and 2012 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	**September 30, 2013**	**September 30, 2012**	**June 30, 2013**
Revenue	$ 5,171,555	$ 4,032,574	$ 4,305,530
Net loss attributable to the owners of the parent	(401,498)	(679,992)	(350,989)
Income (loss) per share – basic and diluted	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding (000's) - basic	48,308	48,434	48,434
Weighted average number of shares outstanding (000's) – diluted	48,308	48,434	48,434
Cash and cash equivalents	1,145,590	671,341	1,337,975
Bank indebtedness	60,000	236,060	-
Working capital (as outlined on Page 18 of this MD&A)	84,156	1,506,701	67,163
Total assets	15,404,749	19,379,503	15,900,047
Long-term liabilities	1,356,910	2,377,767	1,654,389
Total shareholders' equity	8,153,725	12,406,062	8,515,384

Comparison of the unaudited quarters ended September 30, 2013 and 2012 and June 30, 2013

Revenue:

Revenue Comparisons September 30, 2013, September 30, 2012 and June 30, 2013

Posera-HDX recognized revenue of $5,171,555 for the three-months ended September 30, 2013 compared to $4,032,574 for the three-months ended September 30, 2012, an increase of $1,138,981 (28.2%) and $4,305,530 for the three-months ended June 30, 2013, an increase of $866,025 (20.1%). The increase in revenue during the three-months ended September 30, 2013 compared to June 30, 2013 and September 30, 2012 is primarily a result of an influx in new business for the Company from both new and existing customers. Additionally, during the three-months ended September 30, 2013 the Company completed a transaction resulting in $341,392 one-time sale of a software license to an external Company for which the Company previously had been receiving a recurring revenue stream. This one-time sale transaction did not occur in the three-months ended September 30, 2012 and June 30, 2013.

Cost of Sales:

Cost of Sales Comparisons September 30, 2013, September 30, 2012 and June 30, 2013

Posera-HDX recognized cost of inventory of $1,331,301 (25.7% of revenues) for the three-months ended September 30, 2013, compared to $905,019 (22.4% of revenues) for the three-months ended September 30, 2012 and $935,227 (22.0% of revenues) for the three-months ended June 30, 2013. 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. The cost of sales as a percentage of revenue was relatively consisted for the three-months ended September 30, 2012 and June 30, 2013, but increased for the three-months ended September 30, 2013 due to the increase in sales during the quarter, which due to the increase proportionately had less contract revenue which typically have a lower cost of inventory component.

Technology expenses in the three-months ended September 30, 2013 were $583,040, an increase of $100,278 (20.8%) from $482,762 in the three-months ended September 30, 2012 and an increase of $93,913 (19.2%) from $489,127 in the three-months ended June 30, 2013.

Included in the technology expense for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 is amortization of technology intangible assets, totaling $298,928, $127,285 and $135,992 respectively. Excluding this intangible asset amortization, Posera-HDX`s technology expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 would have been $284,112, $355,477, and $353,135 respectively. During the three-months ended September 30, 2013 the Company reassessed the useful life of certain technology intangible assets and as a result the Company accelerated the amortization regarding the identified technology intangible assets. Additionally the Company reduced the technology headcount for the three-months ended September 30, 2013 when compared to the three-months ended September 30, 2012 and June 30, 2013 where the additional headcount costs were included. After applying these adjustments, the balance for the technology expense is relatively consistent in each of the three quarters.

Technology Expense Reconciliation		**For the quarters ended**	
	September 30, 2013	**September 30, 2012**	**June 30, 2013**
Technology expense	**$ 583,040**	**$ 482,762**	**$ 489,127**
Less: Amortization of intangible assets	298,928	127,285	135,992
Adjusted technology expense	**$ 284,112**	**$ 355,477**	**$ 353,135**

Operations and support expenses were $1,210,190 in the three-months ended September 30, 2013; an increase of $68,757 (6.0%) from $1,141,433 in the three-months ended September 30, 2012, and an increase of $47,560 (4.1%) from $1,162,630 in the three-months ended June 30, 2013. Included in operations and support expense for the three-months ended September 30, 2013 is a one-time expenditure for severance incurred totaling $31,362. No operations and support severance was incurred or paid for the three-months ending September 30, 2012 and June 30, 2013 respectively. Excluding this one-time expenditure, Posera-HDX`s operations and support expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 would have been $1,178,828, $1,141,433, and $1,162,630 respectively.

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. The minor increase experienced during the three-months ended September 30, 2013 is a result of increased travel and operating costs incurred during the quarter that was required to generate the additional revenue.

Operations and Support Expense Reconciliation		**For the quarters ended**	
	September 30, 2013	**September 30, 2012**	**June 30, 2013**
Operations and support expense	**$ 1,210,190**	**$ 1,141,433**	**$ 1,162,630**
Less: One-time expenditures	31,362	-	-
Adjusted operations and support expense	**$ 1,178,828**	**$ 1,141,433**	**$ 1,162,630**

Operating Expenditures:

Posera-HDX recognized operating expenditures of $2,298,328 for the three-months ended September 30, 2013 compared to $2,096,239 for the three-months ended September 30, 2012, and $2,105,915 for the three-months ended June 30, 2013.

Included in operating expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 are one-time expenditures relating to legal expenses, closing rental adjustment and severance expenses, totaling $42,198, $107,964 and $45,800 respectively. Excluding these one-time expenditures, Posera-HDX`s operating expenditures for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013, would have been $2,256,130, $1,988,275, and $2,060,115 respectively.

Sales and marketing expenses were $751,705 in the three-months ended September 30, 2013 an increase of $1,876 (0.3%) from $749,829 in the three-months ended September 30, 2012, and a decrease of $87,490 (10.4%) from $839,192 in the three-months ended June 30, 2013. The sales and marketing expenses adjusted below for the amortization of intangible assets has varied between each of the three-month ending comparable periods as a result of changes in headcount, travel and other marketing activities for the three-months ended September 30, 2012 and June 30, 2013 compared to September 30, 2013.

Sales and Marketing Expense Reconciliation			
	September 30, 2013	**September 30, 2012**	**June 30, 2013**
Sales and marketing expense	**$ 751,705**	**$ 749,829**	**$ 839,192**
Less: Amortization of intangible assets	153,127	191,344	150,088
Adjusted sales and marketing expense	**$ 598,578**	**$ 558,485**	**$ 689,104**

Included in general and administrative expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 was non-cash stock-based compensation expense of $4,178, $87,239 and $7,615 respectively. Excluding these non-cash stock compensation expenses, and the one-time expenditures above, Posera-HDX's operating expenditures for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013, would have been $2,294,150, $1,901,036 and $2,052,500 respectively.

Included in the general and administrative expenses is certain amortization of equipment and intangible assets. For the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 amortization of equipment and intangible assets were $25,045, $44,037 and $33,019 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 September 30, 2013, September 30, 2012 and June 30, 2013, would have been $2,269,105, $1,856,999 and $2,019,481, respectively.

General and administrative expenses were $1,215,564 in the three-months ended June 30, 2013; a decrease of $130,846 (9.7%) from $1,346,410 in the three-months ended September 30, 2012, and a decrease of $51,159(4.0%) from $1,266,723 in the three-months ended June 30, 2013. Included in general and administrative expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 is stock-based compensation expense of $4,178, $87,239 and $7,615 respectively. Additionally, included in general and administrative expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 are one-time expenditures of $31,693, $107,964 and $45,800 respectively. Finally, included in general and administrative expenses for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 is amortization of intangible assets and property, plant and equipment of $25,045, $44,037 and $33,019 respectively.

After factoring these amounts, the adjusted general and administrative expenditures the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 were relatively consistent. See the table below for a summary:

General and Administrative Expense Reconciliation			
	September 30, 2013	September 30, 2012	June 30, 2013
General and administrative expense	**$ 1,215,564**	**$ 1,346,410**	**$ 1,266,723**
Less: Stock-based compensation expense	4,178	87,239	7,615
Less: Amortization of intangible assets and PP&E	25,045	44,037	33,019
Less: One-time expenditures	31,693	107,964	45,800
Adjusted general and administrative expense	**$ 1,154,648**	**$ 1,107,170**	**$ 1,180,289**

For the three months ended September 30, 2013 the Company had an impairment of $331,059, related to the goodwill, intangible assets, property plant and equipment, and other assets, allocated to the HDX Payment Processing CGU in the Other Segment whereas no impairment was assessed for the comparable three-month periods ended September 30, 2012 and June 30, 2013. The Company assessed the impairment in the third quarter of 2013 because of the deterioration in the higher of the value-in-use and fair-value less costs to sell. The impairment was recorded at the fair-value less costs to sell as it was higher than the value-in-use. This was primarily the result of the Company's decision to outsource certain activities to which the assets relate. The key assumptions utilized to calculate the higher of value-in-use and fair-value less costs to sell are detailed in Note 6 of the September 30, 2013 Condensed Consolidated Interim Financial Statements for the Company. These impairments are included in the operating expenditures in the Consolidated Statements of Operations.

Excluding the previously discussed non-cash stock compensation expenses, the one-time expenditures above and amortization of equipment and intangible assets and the impairment Posera-HDX's operating expenditures for the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013, would have been $1,938,046, $1,856,999 and $2,019,481, respectively.

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 September 30, 2013 of $59,923 decreased $5,972 from $65,895 for the three-months ended September 30, 2012 and increased $5,764 from $54,159 for the three-months ended June 30, 2013 as a result of reductions in the outstanding interest-bearing debts through regularly scheduled repayments.

Realized and unrealized loss (gain) on foreign exchange is comprised primarily of the loss (gain) on the foreign denominated convertible debenture and other net assets denominated in foreign currencies. As a result of the increase in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has decreased, resulting in a gain during the three-months ended September 30, 2013. Additionally, the other net assets denominated in foreign currencies incurred a loss during the three-months ended September 30, 2013 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 loss (gain) on foreign exchange has impacted the three comparable reporting periods, September 30, 2013, September 30, 2012 and June 30, 2013. The impact to income is predicated on the foreign exchange movements in other 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 September 30, 2013, September 30, 2012 and June 30, 2013, as the interest rates earned, and balances deposited remained relatively consistent.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	September 30, 2013	September 30, 2012	June 30, 2013
Direct POS	$ 3,112,597	$ 2,083,702	$ 2,425,367
POS Software	2,094,889	1,962,977	1,907,590
Other	2,540	6,308	2,557
Intersegment - POS Software	(38,471)	(20,413)	(29,984)
Total	**$ 5,171,.555**	**$ 4,032,574**	**$ 4,305,530**
	Operating profit for the three-months ended (1)		
	September 30, 2013	September 30, 2012	June 30, 2013
Direct POS	$ 569,214	$ 235,944	$ 196,968
POS Software	333,671	49,612	82,161
Other	(157,176)	(172,607)	(153,014)
Total	**$ 745,709**	**$ 112,949**	**$ 126,115**

(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.

Direct POS

Revenue

For the three-months ended September 30, 2013, Direct POS revenue increased $1,028,895 (49.4%) and increased $687,230 (28.3%) when compared to the three-months ended September 30, 2012 and June 30, 2013 respectively. Revenue for the three-months ended September 30, 2013, increased when compared to the three-months ended September 30, 2012 and June 30, 2013, as a result of the Company completing additional system installations.

Operating Profit

For the three-months ended September 30, 2013, Direct POS operating profit increased $333,270 (141.2%) and $372,246 (189.0%) when compared to the three-months ended September 30, 2012 and June 30, 2013 respectively. The operating profit increased as a result of the increase in revenues that the Company was able to achieve in the three-months ended September 30, 2013 when compared to the three-months ended September 30, 2012 and June 30, 2013 respectively.

POS Software

Revenue

For the three-months ended September 30, 2013, POS Software revenue increased $131,912 (6.7%) and increased $187,299 (9.8%) when compared to the three-months ended September 30, 2012 and June 30, 2013 respectively. POS revenues increased compared to the three-months ended September 30, 2012 and June 30, 2013 as a result of a one-time sale software license sale of $341,392 made during the three-months ended September 30, 2013, which was partially offset by fewer software licenses being sold during the three-months ended September 30, 2013. Additionally, during the three-months ended March 31, 2013 the Company generated POS revenues related to a Department of National Defense contract. Minimal amounts were invoiced to this customer in the three-months ended September 30, 2013, September 30, 2012 and June 30, 2013 respectively, but the Company expects to complete additional installations relating to Canada's Department of National Defence during the fourth quarter of 2013 and into fiscal 2014.

<u>Operating Profit</u>

For the three-months ended September 30, 2013, POS Software operating profit increased $284,059 (572.6%) and $251,510 (306.1%) compared to the three months ended September 30, 2012 and June 30, 2013 respectively , primarily as a result of the one-time software license sale completed during the three-months ended September 30, 2013as previously discussed.

Other Segments

For the three-months ended September 30, 2013, the other segments' revenue decreased $3,768 (59.7%) and decreased $17 (0.7%) compared to the three-months ended September 30, 2012 and June 30, 2013 respectively. For the three-months ended September 30, 2013, the other segments' operating profit increased $15,431 (8.9%) and decreased $4,162 (2.7%) compared to the three-months ended September 30, 2012 and June 30, 2013 respectively.

The Company expects to continue to make significant investments in these divisions into the foreseeable future and will strive to increase revenue 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, 2013 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, 2012 and 2011 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.

	2013			2012
	Q3	**Q2**	**Q1**	**Q4**
Revenues	$ 5,171,555	$ 4,305,530	$ 4,093,586	$ 4,537,528
EBITDA profit (loss)	$ 556,855	$ (171,110)	$ (296,920)	$ (434,098)
Normalized EBITDA profit (loss)	$ 282,696	$ (117,695)	$ (276,402)	$ (172,373)
Net Income (Loss) Attributable to the Owners of the Parent	$ (401,498)	$ (350,989)	$ (600,724)	$ (2,896,889)
Comprehensive Income (Loss), Attributable to the Owners of the Parent	$ (328,337)	$ (390,315)	$ (601,133)	$ (2,861,159)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.06)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.06)
	2012			**2011**
	Q3	**Q2**	**Q1**	**Q4**
Revenues	$ 4,032,574	$ 4,245,960	$ 3,630,044	$ 4,812,109
EBITDA profit (loss)	$ (227,409)	$ (134,243)	$ (326,615)	$ 261,258
Normalized EBITDA profit (loss)	$ (32,206)	$ 757	$ (322,113)	$ 286,415
Net Income (Loss), Attributable to Owners of the Parent	$ (679,992)	$ (441,026)	$ (775,317)	$ 1,917,627
Comprehensive Loss, Attributable to Owners of the Parent	$ (725,295)	$ (429,310)	$ (803,701)	$ 1,856,905
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.01)	$ (0.02)	$ 0.03
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ 0.03

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss Attributable to Owners of the Parent to EBITDA and Normalized EBITDA	2013			2012
	Q3	Q2	Q1	Q4
Net Loss Attributable to the Owners of the Parent	**$ (401,498)**	**$ (350,989)**	**$ (600,724)**	**$ (2,896,889)**
Interest expense	59,923	54,159	46,693	93,247
Exchange loss (gain)	118,634	(156,026)	(36,212)	(21,239)
Interest and other income	(2,371)	(2,712)	(2,260)	(3,833)
Gain on held for trading financial instruments	98,786	-	-	(399,491)
Amortization of equipment	24,058	32,537	36,921	38,690
Amortization of intangible assets	453,042	286,562	326,065	317,306
Tax provision (recovery)	(124,778)	(34,641)	(67,403)	18,247
Impairment of assets	331,059	-	-	2,419,864
EBITDA profit (loss)	**$ 556,855**	**$ (171,110)**	**$ (296,920)**	**$ (434,098)**
One-time non-recurring expenditures and (recoveries)	(278,337)	45,800	8,319	217,986
Stock-based compensation expense	4,178	7,615	12,199	43,739
Normalized EBITDA profit (loss)	**$ 282,696**	**$ (117,695)**	**$ (276,402)**	**$ (172,373)**

Net Loss Attributable to Owners of the Parent to EBITDA and Normalized EBITDA	2012			2011
	Q3	Q2	Q1	Q4
Net Income (Loss) Attributable to the Owners of the Parent	**$ (679,992)**	**$ (441,026)**	**$ (775,317)**	**$ 1,917,627**
Interest expense	65,895	69,260	72,275	79,431
Exchange loss (gain)	102,421	(104,417)	32,512	37,792
Interest and other income	(2,582)	(5,913)	(1,942)	(3,960)
Gain on held for trading financial instruments	-	(1,027)	(34,529)	(21,235)
Amortization of equipment	7,691	49,049	47,036	26,354
Amortization of intangible assets	357,779	320,795	320,407	284,967
Tax provision (recovery)	(78,621)	(20,964)	12,943	(2,059,718)
EBITDA profit (loss)	**$ (227,409)**	**$ (134,243)**	**$ (326,615)**	**$ 261,258**
One-time non-recurring expenditures	107,964	27,498	-	25,201
Stock-based compensation expense	87,239	107,502	4,502	(44)
Normalized EBITDA profit (loss)	**$ (32,206)**	**$ 757**	**$ (322,113)**	**$ 286,415**

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

Equity Attributable to Owners of the Parent to Working Capital			
	September 30, 2013	**June 30, 2013**	**September 30, 2012**
Equity Attributable To Owners of the Parent	**$ 8,153,725**	**$ 8,515,384**	**$ 12,406,062**
Add: Long-term portion of notes payable	557,023	671,777	558,625
Add: Long-term portion of vehicle Loans	33,802	38,787	22,342
Add: Long-term portion of royalty payable	-	114,759	496,090
Add: Future income tax liability	766,085	829,066	1,300,710
Less: Goodwill	(4,344,725)	(4,482,074)	(6,549,526)
Less: Intangible assets	(3,582,115)	(4,211,051)	(5,156,840)
Less: Long-term portion of investment tax credits receivable	(1,245,114)	(1,199,270)	(1,199,523)
Less: Long-term portion of lease receivable	(39,692)	(41,792)	(31,658)
Less: Deposit on leased premises	(39,582)	(39,581)	(34,411)
Less: Equipment	(118,756)	(128,842)	(205,170)
Less: Deferred income tax asset	(56,495)	-	-
Less: Deposit on pending acquisitions	-	-	(100,000)
Working Capital	**$ 84,156**	**$ 67,163**	**$ 1,506,701**

Liquidity and Financial Resources

As at September 30, 2013, HDX had cash and cash equivalents totaling $1,145,590 (September 30, 2012 - $671,341).

For the quarter-ended September 30, 2013 and 2012, provided by / (used in) operating activities was $40,695 and ($519,907) respectively. Cash provided by operations for the quarter-ended September 30, 2013 resulted from a net loss, deferred tax recovery and changes in working capital items, which was more than offset by items not affecting cash such as amortization, impairment of assets and stock-based compensation. Cash used in operations for the quarter-ended September 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.

For the quarters-ended September 30, 2013 and 2012, cash used in financing activities were $268,241 and $112,884 respectively. Cash used in financing activities for the three-months ended September 30, 2012 resulted primarily from the repayments of the notes payable and vehicle loans. Cash provided by financing activities for the three-months ended September 30, 2013 was a result of the initiation of the repayments of the royalty payable, vehicle loans and repurchase of common shares. HDX expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets.

For the quarters-ended September 30, 2013 and 2012, cash used in investing activities was $30,449 and $137,649 respectively. The cash used in investing activities during the three-months ended September 30, 2012 relates to the acquisition of property plant and equipment and a deposit made on a potential acquisition. The cash used in investing activities during the three-months ended September 30, 2013 relates primarily to the acquisition of property plant and equipment and intangible assets.

Working capital at September 30, 2013, September 30, 2012 and June 30, 2013 was $84,156, $1,506,701 and $67,163, 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 September 30, 2013, September 30, 2012 and June 30, 2013 were as follows:

	September 30, 2013	September 30, 2012	June 30, 2013
Total Debt			
Notes payable	$ 958,152	$ 1,018,859	$ 972,951
Vehicle loans	49,873	33,261	54,784
Bank indebtedness	60,000	236,060	-
Total Debt	**$ 1,068,025**	**$ 1,288,180**	**$ 1,027,735**
Equity			
Equity attributable to owners of the Company	$ 8,153,725	$ 12,406,062	$ 8,515,384
Conversion Option	-	-	-
Total Equity	**$ 8,153,725**	**$ 12,046,062**	**$ 8,515,384**
Debt to Equity Ratio	**13.10%**	**10.69%**	**12.07%**

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 September 30, 2013 was $205,735 (December 31, 2012 - $260,516), of which the Company had utilized $60,000 (December 31, 2012 - $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	2013	2014 – 2015	2016 - 2017	2018 and beyond
Operating Leases	$ 897,439	$ 117,400	$ 728,482	$ 51,557	$ -
Long-Term Debt	1,090,154	245,513	831,651	12,991	-
Vehicle Loans	51,065	4,195	30,858	13,664	2,348
Total Contractual Obligations	**$ 2,038,658**	**$ 367,108**	**$ 1,590,991**	**$ 78,212**	**$ 2,348**

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 nine-months ended September 30, 2013, based on amounts agreed upon by the parties, in the amounts of $18,640 and $35,751 (2012 - $8,014 and $46,995) respectively. The Company recognized operating expenses and purchased products of $85,516 and $251,793 during the three-months ended September 30, 2013 (2012 - $97,059 and $283,492) from a Company controlled by the CEO at the exchange amount. As at September 30, 2013, the Company has a receivable position of $26,858 (December 31, 2012 - $12,133), and a payable of $92,849 (December 31, 2012 - $173,254), which will be settled between the related parties in the normal course of business.

During the three and nine-months ended September 30, 2013, the company recognized stock-based compensation expense, included in Note11(b) of the September 30, 2013 Condensed Consolidated Interim Financial Statements, to certain directors and executives in the amount of $4,178 and $23,992 (2012 - $58,594 and $166,096) respectively.

During the three and nine-months ended September 30, 2013, the Company incurred legal fees and disbursement invoices totaling $31,693 and $85,812, (2012 - $12,964 and $39,023) respectively, from a law firm, a partner of which is a director of the Company. As at September 30, 2013, the Company has a payable position of $95,831 (December 31, 2012 - $55,159) 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 September 30, 2013	Nine-months ended September 30, 2013	Three-months ended September 30, 2012	Nine-months ended September 30, 2012
Salaries and short-term employee benefits	$ 255,409	$ 740,786	$ 232,287	$ 737,302
Share-based payments	4,178	12,533	58,594	156,848
Total	**$ 259,587**	**$ 753,319**	**$ 290,881**	**$ 894,150**

Share Capital

As at September 30, 2013, Posera-HDX had issued and outstanding 48,184,422 Class A voting common shares, and 3,856,938 options, of which 3,856,938 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at November 14, 2013 Posera-HDX had issued and outstanding 48,184,422 Class A voting common shares and 3,856,938 options, of which 3,856,938 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70.

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, 2012 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, 2013 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2013, 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 2013 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, 2012.

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 28, 2013, 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.

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