POSERA-HDX LTD.

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

FOR THE THREE-MONTHS ENDED JUNE 30, 2014

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. for the three-months ended June 30, 2014 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, 2014, compared to March 31, 2014 and June 30, 2013. For an analysis of the six-months ending June 30, 2014 compared to June 30, 2013, please read this MD&A in conjunction with the MD&A for the three-months ending March 31, 2014 and the three and six-months ending June 30, 2013. The effective date of this MD&A is August 14, 2014.

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 27, 2014 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: 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".

Debt to Equity Ratio: Posera-HDX management defines Debt to Equity Ratio as Debt (i.e. notes payable, vehicle loans and bank indebtedness) as a percentage of shareholder's equity.

Gross Payment Processing Fees: Posera-HDX management defines gross payment processing fees as the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees.

Comparative Figures:

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

Highlights and Summary - Three-months ended June 30, 2014 (Unaudited)

(*This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended June 30, 2014, June 30, 2013 and March 31, 2014".)*

- Net loss for the three-months ended June 30, 2014 was a loss of $627,569, an increase of $276,580 from a loss of $350,989 for the three-months ended June 30, 2013, and an increase of $188,584 from a loss of $438,985 for the three-months ended March 31, 2014;
- EBITDA loss for the three-months ended June 30, 2014, was $177,086, an increase of $75,258 from $101,828 for the three-months ended June 30, 2013, and an increase of $22,746 from $154,340 for the three-months ended March 31, 2014;
- Normalized EBITDA profit(loss) for the three-months ended June 30, 2014 was $393,246, an improvement of $495,784 from ($102,538) for the three-months ended June 30, 2013, and an improvement of $513,096 from ($119,850) for the three-months ended March 31, 2014;
- Total revenue was $5,334,590 for the three-months ended June 30, 2014, up $1,029,060 (23.9%) from $4,305,530 for the three-months ended June 30, 2013 and up $612,966 (13.0%) from $4,721,624 for the three-months ended March 31, 2014;
- Gross profit was $2,294,339 for the three-months ended June 30, 2014, up $609,351 (36.2%) from $1,684,988 for the three-months ended June 30, 2013, and up $141,677 (6.6%) from $2,152,662 for the three-months ended March 31, 2014;
- Operating expenses were $2,753,935 for the three-months ended June 30, 2014, up $648,020 (30.8%) from $2,105,915 for the three-months ended June 30, 2013, and up $163,287 (6.3%) from $2,590,648 for the three-months ended March 31, 2014;
- Included in cost of sales and operating expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 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 $636,342, $326,714 and $318,136 respectively;
- Posera-HDX's cash and cash equivalents totaled $2,350,074 as at June 30, 2014, an increase of $1,012,099 (75.6%) from $1,337,975 as at June 30, 2013, and a decrease of $297,513 (11.2%) from $2,647,587 as at March 31, 2014. Bank indebtedness was $282,010 as at June 30, 2014, an increase of $282,010 (*N/A%*) compared to $nil as at June 30, 2013, and an increase of $74,915 (36.2%) compared to $207,095 as at March 31, 2014; and
- Posera-HDX's working capital totaled $1,555,230 as at June 30, 2014, an increase of $1,488,067 (2,215.6%) from $67,163 as at June 30, 2013, and an increase of $110,499 (7.6%) from $1,444,731 as at March 31, 2014.

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. Posera's worldwide dealership network of approximately 99 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.

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.

Through the acquisition of Zomaron Inc. ("Zomaron") the Company acquired a registered reseller of Debit and Credit Card merchant services. Zomaron, an Ontario based sales organization, rounds out the Company's suite of services to include Debit and Credit Card merchant services. With each pin-pad sold, a percentage of each transaction, for the term of the agreement, is earned by Zomaron Inc. This share of Debit and Credit Card processing revenues, the Company expects, will become a significant recurring revenue stream in the future.

ATM products and services are a logical extension of the Company's core offerings. During the three-months ended December 31, 2013 the Company entered into an agreement to be an Independent Sales Organization ("ISO") with TNS Smart Network Inc. to provide ATM transactional services. Acting as an ISO, HDX is now positioned very well to efficiently grow an ATM business throughout Canada via its existing team of direct sales professionals, newly acquired Zomaron sales agents and its network of sub-ISO's and reseller distribution channels.

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.

- **Payments fees from merchants.** Merchants pay fees for the processing of debit and credit card payments transactions. The transaction fees are paid to a third party processor which remits residual income to the Company.

The Company has disclosed Gross Payment Processing Fees related to its Payment Processing Revenues. Gross Payment Processing Fees represent the total amount of Payment Processing Fees underlying the processing of debit and credit card payments transactions. The transaction fees are paid by merchants to a third party processor, who then remits a residual to the Company based upon certain metrics. The Company does not have a direct relationship with the merchant to process the transactions, and is not the primary obligator of the payment processing transaction. As a result, the Company records the residual received as revenue. Although the Company records the residual received as revenue, the Company has disclosed the Gross Payment Processing Fees underlying the transactions, as it may be relevant information to benchmark the Company against others in the payment processing industry who may have dissimilar contractual arrangements between the merchants and payment processors.

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. In addition, the Company also earns interest income from investing the consumers' prepaid funds.

Interest expense relates 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 or as a result of a term promissory note. On the date of acquisition or issuance of the notes payable, Posera-HDX fair-valued the notes payable acquired or issued, and as a result part of the interest expense included 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.

On December 9th, 2013 the Company completed the acquisition of Zomaron Inc. ("Zomaron"). The acquisition of Zomaron, a rapidly growing company with a successful and accomplished management team and over 165 sales agents, will be instrumental in the Company's growth strategy and lays the groundwork for significant sales growth in 2014 and beyond.

Founded in 2008, Zomaron provides credit and debit 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, doubling its sales annually. Zomaron's exponential growth led it to be ranked on PROFIT magazine's 13th and 14th annual PROFIT HOT 50 issues in October 2012 and 2013 respectively. Zomaron's solutions and services can also be marketed and deployed in the United States.

On June 18th, 2014 the Company announced it had signed a letter of intent to acquire Terminal Management Concepts Ltd. ("TMC") of Markham, Ontario. TMC provides wireless EMV chip and PIN "pay at the table" credit and debit card processing software and hardware solutions to Canadian merchants nationwide. TMC has deployed its payment software solutions through direct sales and strategic partnerships with the world's largest payment terminal manufacturers. TMC's solutions and services integrate directly with most of the leading restaurant POS applications world-wide. Because TMC's middle-ware product is POS solution agnostic, payment processing relationships can be achieved regardless of the POS solution employed by a particular restaurant. TMC's solutions can be marketed and deployed in the United States where the requirement for "pay at the table" solutions is becoming a necessary part of restaurant operations due to the introduction of EMV chip and PIN requirements and the credit card / merchant liability shift due to take place in October of 2015.

The TMC transaction bolsters the Company's strategy of providing integrated payment solutions to new merchants and existing clients that already utilize HDX products and services. TMC's products gives the Company's sales team the ability to achieve payment processing relationships with restaurants that currently use competitive POS solutions. TMC's software, in conjunction with HDX's intellectual property and services, provides merchants with one-stop-shopping, one monthly payment, and one source for technical support of all of their retail technology solutions. TMC's business model supports HDX's ability to grow payment processing revenue, profitability, and TMC's recurring revenue model is very attractive to HDX.

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 Year-Ended December 31, 2013

On December 9, 2013 Posera-HDX Ltd. completed the acquisition of all the issued and outstanding shares of Zomaron Inc. ("Zomaron") The purchase price was an aggregate of $2,640,000, comprised of $1,800,000 in cash and 4,000,000 Common Shares of Posera-HDX Ltd., having a hold-period that the shares are not freely tradable until December 9, 2015, with an estimated fair-value of $840,000. The acquisition provides the Company with a complete line of payment processing offerings which are complementary to the Company's existing suite of hospitality industry software solutions and services.

The result of Zomaron's operations have been included in the consolidated financial statements since December 9, 2013. During the three-months ended June 30, 2014, Zomaron generated revenue of $954,757 (2013 - $nil), and a net loss of $11,506 (2013 - $nil).

The acquisition of Zomaron is accounted for using the acquisition method whereby 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. Goodwill represents the excess earning capacity as a result of synergistic revenue opportunities, future growth, pre-assembled workforce and cost reductions. The consideration has yet to be finalized at the time of filing these financial statements as the final adjustments for closing have yet to be negotiated and agreed upon by the parties in relation to the working capital requirement as part of the share purchase agreement. The presentation of the Zomaron business acquisition is provisional as the Company expects a potential future adjustment to consideration, goodwill and working capital.

The identifiable net assets of Zomaron that were acquired at fair value as at December 9, 2013 are as follows:

Net Assets:		
Cash	$	105,763
Current assets excluding cash		277,318
Property, plant and equipment		187,982
Intangible assets		405,000
Current liabilities		(258,045)
Long-term portion of capital lease obligation		(139,150)
Deferred Income Tax Liability		(100,681)
Goodwill acquired in business combination		2,161,813
Net assets acquired	**$**	**2,640,000**

Consideration:		
Cash consideration	$	1,800,000
Share consideration		840,000
Total consideration	**$**	**2,640,000**

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, 2013 and 2012, 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, 2013 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, 2013 and 2012 for a complete listing of the Company's critical accounting estimates.

a. *Intangible asset – June 30, 2014 - $3,326,674 (June 30, 2013 - $4,211,051, March 31, 2014 - $3,639,889) and Goodwill – June 30, 2014 - $6,611,635 (June 30, 2013 - $4,482,074, March 31, 2014 - $6,712,969)*
    - 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, 2013 annual consolidated financial statements and MD&A.

b. *Royalty payable – June 30, 2014 - $nil (June 30, 2013 - $127,044, March 31, 2014- $nil)*
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2013 annual consolidated financial statements and MD&A.

c. *Investment Tax Credits Receivable – non-refundable – June 30,2014 - $1,157,956 (June 30, 2013 - $1,199,270 March 31, 2014 - $1,184,022)*
    - 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 4 to the accompanying quarterly consolidated financial statements.
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2013 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, 2014, June 30, 2013 and March 31, 2014.

Analysis of the Unaudited Quarterly Results	Q2-2014 (unaudited) $	Q2-2013 (unaudited) $	Q1-2014 (unaudited) $	Q2-2014 vs. Q2-2013 $	%	Q2-2014 vs. Q1-2014 $	%
Revenue							
Point-of-sale	4,933,515	4,302,973	4,348,770	630,542	14.7%	584,745	13.4%
Payment processing	401,075	2,557	372,854	398,518	15,585.4%	28,221	7.6%
Total Revenue	**5,334,590**	**4,305,530**	**4,721,624**	**1,029,060**	**23.9%**	**612,966**	**13.0%**
Cost of Sales							
Cost of inventory	1,122,710	968,785	926,392	153,925	15.9%	196,318	21.2%
Technology	554,949	489,127	310,395	65,822	(13.5%)	244,554	78.8%
Operations and Support	1,362,592	1,162,630	1,332,175	199,962	17.2%	30,417	2.3%
Total Cost of Sales	**3,040,251**	**2,620,542**	**2,568,962**	**419,709**	**16.0%**	**471,289**	**18.3%**
Gross Profit	2,294,339	1,684,988	2,152,662	609,351	36.2%	141,677	6.6%
Gross Profit Percentage	43.0%	39.1%	45.6%	3.9%		(2.6)%	
Operating Expenditures							
Sales and marketing	1,318,998	839,192	1,277,866	479,806	57.2%	41,132	3.2%
General and administrative	1,434,937	1,266,723	1,312,782	168,214	13.3%	122,155	9.3%
Total Operating Expenditures	**2,753,935**	**2,105,915**	**2,590,648**	**648,020**	**30.8%**	**163,287**	**6.3%**
	(459,596)	**(420,927)**	**(437,986)**	**(38,669)**	**9.2%**	**(21,610)**	**4.9%**
Other expenses (income)							
Interest expense	96,396	54,159	106,185	42,237	78.0%	(9,789)	(9.2%)
Realized and unrealized loss on foreign exchange	179,389	(156,026)	(189,266)	335,415	(215.0%)	368,655	(194.8%)
Interest and other income	(5,525)	(2,712)	(4,086)	(2,813)	103.7%	(1,439)	35.2%
	270,260	**(104,579)**	**(87,167)**	**374,839**	**(358.4%)**	**357,427**	**(410.0%)**
Net loss before income taxes	**(729,856)**	**(316,348)**	**(350,819)**	**(413,508)**	**130.7%**	**(379,037)**	**108.0%**
Current	(253,841)	39,394	151,824	(293,235)	(744.4%)	(405,665)	(267.2%)
Future	151,554	(4,753)	(63,658)	156,307	(3,288.6%)	215,212	(338.1%)
Net loss	**(627,569)**	**(350,989)**	**(438,985)**	**(276,580)**	**78.8%**	**(188,584)**	**43.0%**
Other comprehensive income	20,022	(39,326)	(11,639)	59,348	(150.9%)	31,661	(272.0%)
Comprehensive loss	**(607,547)**	**(390,315)**	**(450,624)**	**(217,232)**	**55.7%**	**(156,923)**	**34.8%**
Non-IFRS reporting measures (as outlined on Pages 18 – 20 of this MD&A):	(unaudited)	(unaudited)	(unaudited)				
EBITDA	**(177,086)**	**(101,828)**	**(154,340)**	**(75,258)**	**73.9%**	**(22,746)**	**14.7%**
Normalized EBITDA	**393,246**	**(102,538)**	**(119,850)**	**495,784**	**(483.5%)**	**513,096**	**(428.1%)**

The presentation of the below of Selected Financial Data is for the purposes of this management discussion and analysis. The 2014 and 2013 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, 2014**	**June 30, 2013**	**March 31, 2014**
Total revenue	$ 5,334,590	$ 4,305,530	$ 4,721,624
Point-of-sale revenue	4,933,515	4,302,973	4,348,770
Payment processing revenue	401,075	2,557	372,854
Net loss	(627,569)	(350,989)	(438,985)
Income (loss) per share – basic and diluted	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding (000's) - basic	59,343	48,434	59,343
Weighted average number of shares outstanding (000's) – diluted	59,343	48,434	59,343
Cash and cash equivalents	2,350,074	1,337,975	2,647,587
Bank indebtedness	282,010	-	207,095
Working capital (as outlined on Page 20 of this MD&A)	1,555,230	67,163	1,444,731
Total assets	19,116,060	15,900,047	19,628,467
Long-term liabilities	2,395,296	1,654,389	2,389,972
Total shareholders' equity	10,603,402	8,515,384	10,991,731

Comparison of the unaudited quarters ended June 30, 2014 and 2013 and March 31, 2014

On December 9, 2013 the Company began reporting revenue relating to the acquired businesses of Zomaron Inc. As a result, the three-months ended June 30, 2014 and March 31, 2014 results includes a full quarter of revenues and expenses for this acquisition, whereas the three-months ended June 30, 2013 results does not include any revenue or expenses for this acquisitions.

Revenue:

Revenue Comparisons June 30, 2014, June 30, 2013 and March 31, 2014

Posera-HDX recognized total revenue of $5,334,590 for the three-months ended June 30, 2014 compared to $4,305,530 for the three-months ended June 30, 2013, an increase of $1,029,060 (23.9%) and $4,721,624 for the three-months ended March 31, 2014, a decrease of $612,966 (13.0%). The total revenue is comprised of two separate components, point-of-sale revenue and payment processing revenue.

Point-of-sale revenue for the three-months ended June 30, 2014 was $4,933,515, an increase of $630,542 (14.7%) and an increase of $584,745 (13.4%) compared to the point-of-sale revenue for the three-months ended June 30, 2013 and March 31, 2014 of $4,302,973 and $4,348,770 respectively. The increase in revenue during the three-months ended June 30, 2014 compared to March 31, 2014 is primarily a seasonal fluctuation, where the seasonal results of the first quarter tends to be the weakest quarter of the year and the second quarter tend to be an average quarter. The increase in revenue during the three-months ended June 30, 2014 is a result of the Company completing additional system and terminal installations primarily due to the Zomaron acquisition, when compared to the three-months ended June 30, 2013, as Zomaron acquisition had not been completed at that time.

Payment processing revenue for the three-months ended June 30, 2014 was $401,075 compared to $2,557 and $372,854 for the three-months ended June 30, 2013 and March 31, 2014 respectively. This represents an increase of $398,518 (15,585.4%) and $28,221 (7.6%). The payment processing revenue for the three-months ended June 30, 2014 of $401,075 resulted from $3,917,007 of gross payment processing fees compared to gross payment process fees of $3,127 and $2,739,876 for the three-months ended June 30, 2013 and March 31, 2014 respectively. For Zomaron, gross payment processing fess represents the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees. The Company believes that gross payment processing fees is a relevant metric to disclose, in order to allow users of the financial statements to be able to benchmark Zomaron's payment processing portfolio against similar payments and processing companies which may have different processing relationship.

Additionally, Zomaron's merchant base in the during the three-months ended June 30, 2014 processed debit and credit card transactions totalling $251,091,345 ($1,004,365,380 on an annualized basis presuming processing volumes were consistent throughout fiscal 2014 with the Company's processing volumes realized for the three-months ended June 30, 2014) compared to $145,205,386 for the three-months ended June 30, 2013 and $172,962,789 for the three-months ended March 31, 2014. These results yielded processing growth for the three-months ended June 30, 2014 of $105,885,958 (72.9%) and $78,128,556 (45.2%) compared to the three-months ended June 30, 2013 and March 31, 2014 respectively. As at June 30, 2014 Zomaron has 2,711 active merchants which compares to 2,426 (an increase of 11.7%) and 1,689 (an increase of 60.5%) active merchants as at March 31, 2014 and June 30, 2013 respectively. The June 30, 2013 figures were prior to the date of acquisition of Zomaron by the Company. Due to seasonality between the first and second quarter and as a result of the focus of the Company to target higher volume customers, the average merchant amount processed by the Company's merchants increased to $92,619 for the three-months ended June 30, 2014 compared to $71,295 for the three-months ended March 31, 2014 $85,971 for the three-months ended June 30, 2013. The processing of debit and credit card transactions is somewhat seasonally based, as a result of Zomaron's merchants, whereas the three-months ended March 31st tends to be the slowest period during the year for transaction processing.

Cost of Sales:

Cost of Sales Comparisons June 30, 2014, June 30, 2013 and March 31, 2014

Posera-HDX recognized cost of inventory of $1,122,710 (21.0% of revenues) for the three-months ended June 30, 2014, compared to $968,785 (22.5% of revenues) for the three-months ended June 30, 2013 and $926,392 (19.6% of revenues) for the three-months ended March 31, 2014. 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 June 30, 2014, June 30, 2013 and March 31, 2014.

Technology expenses in the three-months ended June 30, 2014 were $554,949, an increase of $65,822 (13.5%) from $489,127 in the three-months ended June 30, 2013 and an increase of $244,554 (78.8%) from $310,395 in the three-months ended March 31, 2014.

Included in the technology expense for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 is amortization of technology intangible assets, totaling $94,199, $135,992 and $94,669 respectively. Excluding this intangible asset amortization, Posera-HDX`s technology expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 would have been $460,750, $353,135, and $215,726 respectively.

The adjusted technology expense remained relatively consistent during the three-months ended June 30, 2014 compared to the three-months ended March 31, 2014, as a result of no significant changes in headcount or other key technology expense factors. The adjusted technology expenses in the three-months ended June 30, 2014 decreased compared to the three-months ended June 30, 2013 as a result the decision during the third quarter of fiscal 2013 to reduce un-necessary monthly expenditures as it related to the HDX Payment Processing Ltd. ("HDXPP") division. As a result, during the three-months ended June 30, 2013 the Company was still incurring technology related expenditures for the HDXPP division, where during the three-months ended June 30, 2014 the HDXPP expenditures were not significant.

Technology Expense Reconciliation	For the quarters ended		
	June 30, 2014	**June 30, 2013**	**March 31, 2014**
Technology expense	**$ 554,949**	**$ 489,127**	**$ 310,395**
Less: Amortization of intangible assets	94,199	135,992	94,669
Less: One-time expenditures(1)	216,500	(54,125)	-
Adjusted technology expense	**$ 244,250**	**$ 407,260**	**$ 215,726**

(1) During the three-months ended June 30, 2014, 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 of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

Operations and support expenses were $1,362,592 in the three-months ended June 30, 2014; an increase of $199,962 (17.2%) from $1,162,630 in the three-months ended June 30, 2013, and an increase of $30,417 (2.3%) from $1,332,175 in the three-months ended March 31, 2014. The operations and support expenses remained relatively consistent as the employee headcount and other operations and support expenditures remained relatively consistent between all of the comparable quarters after normalizing for the Zomaron transaction that was completed in December, 2013.

Operating Expenditures:

Posera-HDX recognized operating expenditures of $2,753,935 for the three-months ended June 30, 2014 compared to $2,105,915 for the three-months ended June 30, 2013, and $2,590,648 for the three-months ended March 31, 2014.

Included in operating expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 are one-time expenditures relating to corporate and acquisition related legal expenses, acquisition search firms, valuation work performed and additional accounting, tax and audit related costs, totaling $134,614, $45,800 and $31,912 respectively. Excluding these one-time expenditures, Posera-HDX`s operating expenditures for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014, would have been $2,619,321, $2,060,115, and $2,558,736 respectively.

Sales and marketing expenses were $1,318,998 in the three-months ended June 30, 2014 an increase of $479,806 (57.2%) from $839,192 in the three-months ended June 30, 2013, and an increase of $41,132 (3.2%) from $1,277,866 in the three-months ended March 31, 2014. The sales and marketing expenses adjusted below for the amortization of intangible assets has increased for the three-months ended June 30, 2014 and March 31, 2014 compared to June 30, 2013, as a result of an increase in headcount and agent expenses related to the Zomaron transaction which was completed in the fourth quarter of 2013.

Sales and Marketing Expense Reconciliation			
	June 30, 2014	**June 30, 2013**	**March 31, 2014**
Sales and marketing expense	**$ 1,318,998**	**$ 839,192**	**$ 1,277,866**
Less: Amortization of intangible assets	144,614	150,088	144,953
Adjusted sales and marketing expense	**$ 1,174,384**	**$ 689,104**	**$ 1,132,913**

Included in general and administrative expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 was non-cash stock-based compensation expense of $219,218, $7,615 and $2,578 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, 2014, June 30, 2013 and March 31, 2014, would have been $2,052,500, $2,052,500 and $2,556,194 respectively.

General and administrative expenses were $1,434,937 in the three-months ended June 30, 2014; an increase of $168,214 (13.3%) from $1,266,723 in the three-months ended June 30, 2013, and a decrease of $122,155 (9.3%) from $1,312,782 in the three-months ended March 31, 2014. Included in general and administrative expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 is stock-based compensation expense of $219,218, $7,615 and $2,578 respectively.

Additionally, included in general and administrative expenses for the three-months ended June 30, 2014, June 30, 2013 and March 31, 2014 are one-time expenditures of $134,614, $45,800 and $31,912 respectively. Finally, included in general and administrative expenses for the three-months ended June 30, 2014 is $43,697 of amortization of intangible assets and property, plant and equipment compared to $33,019 and $43,526 for the three-months ended June 30, 2013 and March 31, 2014 respectively.

After normalizing for the additional expenditures incurred by Zomaron in relation to general and administrative expenditures, the adjusted general and administrative expenditures the three-months ended June 30, 2014 and June 30, 2013 were relatively consistent. Additionally after factoring the previously discussed amounts normalized amounts in relation to general and administrative expenditures, the adjusted general and administrative expenditures the three-months ended June 30, 2014 and March 31, 2014 were relatively consistent. See the table below for a summary:

General and Administrative Expense Reconciliation			
	June 30, 2014	**June 30, 2013**	**March 31, 2014**
General and administrative expense	**$ 1,434,937**	**$ 1,162,630**	**$ 1,312,782**
Less: Stock-based compensation expense(1)	37,533	7,615	2,578
Less: Amortization of intangible assets and PP&E	43,697	33,019	43,526
Less: One-time expenditures	134,614	45,800	31,912
Adjusted general and administrative expense	**$ 1,219,093**	**$ 1,076,196**	**$ 1,234,766**

(1) Incremental stock-based compensation expensed during the three-months ended June 30, 2014 beyond what had been accrued on a straight-line basis in prior periods. For further discussion on this amount, please see the discussion on Page 18 of this MD&A.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debentures issued as part of the Posera 2010 acquisition and a financing completed in January, 2014. Interest expense for the three-months ended June 30, 2014 was $96,396 an increase of $42,237 from $54,159 for the three-months ended June 30, 2013 a decrease of $9,789 from $46,693 for the three-months ended March 31, 2014. The increase compared to the three-months ended June 30, 2013 was a result of the new convertible debenture that was undertaken by the Company in January, 2014. Interest expense was relatively consistent between the three-months ended June 30, 2014 and March 31, 2014.

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 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 June 30, 2014. Additionally, the net assets denominated in foreign currencies incurred a loss during the three-months ended June 30, 2014 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, 2014, June 30, 2013 and March 31, 2014. 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, 2014, June 30, 2013 and March 31, 2014, as the interest rates earned, and balances deposited remained relatively consistent.

Convertible Debenture Entered into during the three-months ended March 31, 2014

On January 15, 2014, the Company issued a total of $1.5 million (principal amount) of unsecured convertible subordinated debentures, and repaid the term promissory note maturing January 24, 2014. The unsecured convertible subordinated debentures will mature with the principal amount repayable on January 15, 2017 and will pay interest at a nominal rate of 10.25% per annum, payable monthly. Each Convertible Debenture will be convertible into Posera - HDX Common Shares at $0.45 per Posera - HDX Common Share until January 15, 2016 and at $0.60 per Posera - HDX Common Share thereafter until maturity. The offering price of each Convertible Debenture was $900 per $1,000 principal amount resulting in gross proceeds to Posera - HDX of $1.35 million. Posera - HDX paid a finder's fee equal to 5.0% of the gross proceeds, being $67,500, of the Offering, and incurred issuance costs of $38,413, both of which will be amortized over the life of the debentures. As a result of the conversion option, issuance discount, commission and issuance costs, the unsecured convertible subordinated debentures have a resulting effective interest rate of 22.87%.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	June 30, 2014	June 30, 2013	March 31, 2014
Point-of-sale	$ 4,374,887	$ 4,302,973	$ 4,032,577
Payment processing	960,870	2,557	689,047
Intersegment	(1,167)	-	-
Total revenue	**$ 5,334,590**	**$ 4,305,530**	**$ 4,721,624**
	Operating profit for the three-months ended (1)		
	June 30, 2014	June 30, 2013	March 31, 2014
Point-of-sale	$ 164,696	$ 279,129	$ 119,785
Payment processing	22,694	(153,014)	(51,217)
Intersegment	-	-	-
Total profit	**$ 187,390**	**$ 126,115**	**$ 68,568**

(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, 2014, point-of-sale revenue increased $71,914 (1.7%) and increased $342,310 (8.5%) when compared to the three-months ended June 30, 2013 and March 31, 2014 respectively. Point-of-sale revenues increased marginally compared to the three-months ended June 30, 2013, but essentially the business was relatively consistent year-over-year. Point-of-sale revenues increased compared to the three-months ended March 31, 2014, as a result of the seasonality of the point-of-sale industry where the three-months ended March 31st tends to be the weakest sales period and the three-months ended June 30th tends to be an average sales period.

For the three-months ended June 30, 2014, payment processing revenue increased $958,313 (37,478.0%) and increased $271,823 (39.4%) when compared to the three-months ended June 30, 2013 and March 31, 2014 respectively. Payment processing revenues for the three-months ended June 30, 2014 increased compared to the three-months ended June 30, 2013, as a result of the Zomaron acquisition that was completed by the Company on December 9th, 2013. There were no Zomaron payment processing revenues recorded in the three-months ended June 30, 2013. Additionally, payment processing revenues for the three-months ended June 30, 2014 increased compared to the three-months ended March 31, 2014, as a result of an 11.7% increase in active merchant count and due to a 45.2% increase in the dollar value of processed debit and credit card transactions.

Operating Profit

For the three-months ended June 30, 2014, point-of-sale operating profit decreased $114,433 (41.0%) and increased $44,911 (37.5%) when compared to the three-months ended June 30, 2013 and March 31, 2014 respectively. For the three-months ended June 30, 2014, payment processing operating profit increased $175,708 (114.8%) and increased $73,911 (144.3%) compared to the three months ended June 30, 2013 and March 31, 2014 respectively.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended June 30, 2014 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, 2013 and 2012 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.

	2014		2013	
	Q2	Q1	Q4	Q3
Total revenues	$ 5,334,590	$ 4,721,624	$ 5,940,741,	$ 5,171,555
Point-of-sale revenue	$ 4,933,515	$ 4,348,770	$ 5,787,056	$ 5,169,459
Payment processing revenue	$ 401,075	$ 372,854	$ 153,685	$ 2,096
Gross payment processing fees	$ 3,917,007	$ 2,739,876	$ 713,805	$ 2,673
EBITDA	$ (177,086)	$ (154,340)	$ 650,683	$ 556,855
Normalized EBITDA(1)	$ 393,246	$ (119,850)	$ 671,489	$ 228,571
Net Income (Loss)	$ (627,569)	$ (438,985)	$ 360,773	$ (401,498)
Comprehensive Income (Loss)	$ (607,547)	$ (450,624)	$ 363,540	$ (328,337)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.01)	$ 0.01	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.01)	$ 0.01	$ (0.01)

	2013		2012	
	Q2	Q1	Q4	Q3
Total revenues	$ 4,305,530	$ 4,093,586	$ 4,537,528	$ 4,032,574
Point-of-sale revenue	$ 4,302,974	$ 4,091,285	$ 4,532,592	$ 4,026,266
Payment processing revenue	$ 2,556	$ 2,301	$ 4,936	$ 6,308
Gross payment processing fees	$ 3,127	$ 2,906	$ 5,592	$ 6,538
EBITDA	$ (101,828)	$ (162,114)	$ (434,098)	$ (227,409)
Normalized EBITDA(1)	$ (102,538)	$ (195,721)	$ (172,373)	$ (32,206)
Net Loss	$ (350,989)	$ (600,724)	$ (2,896,889)	$ (679,992)
Comprehensive Loss	$ (390,315)	$ (601,133)	$ (2,861,159)	$ (725,295)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.01)	$ (0.06)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.01)	$ (0.06)	$ (0.01)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages 18 – 19 of this MD&A)

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA	**2014**		**2013**	
	Q2	Q1	Q4	Q3
Net Loss	**$ (627,569)**	**$ (438,985)**	**$ 360,773**	**$ (401,498)**
Interest expense	96,396	106,185	67,739	59,923
Exchange loss (gain)	179,389	(189,266)	(124,982)	118,634
Interest and other income	(5,525)	(4,086)	(2,919)	(2,371)
Gain on held for trading financial instruments	-	-	-	98,786
Amortization of equipment	22,927	22,722	17,581	24,058
Amortization of intangible assets	259,583	260,924	237,067	453,042
Tax provision (recovery)	(102,287)	88,166	164,208	(124,778)
Impairment of assets	-	-	(68,784)	331,059
EBITDA	**$ (177,086)**	**$ (154,340)**	**$ 650,683**	**$ 556,855**
One-time non-recurring expenditures and (recoveries)	134,614	31,912	70,754	(278,337)
Stock-based compensation expense(2)	219,218	2,578	4,177	4,178
Investment tax credits receivable – reassessment(1)	216,500	-	(54,125)	(54,125)
Normalized EBITDA	**$ 393,246**	**$ (119,850)**	**$ 671,489**	**$ 228,571**

(1) During the three-months ended June 30, 2014, 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 of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

(2) The Company incurred a stock-based compensation expense of $219,218, which has been adjusted to calculate the Normalized EBITDA for the three-months ended June 30, 2014. Of the $219,218 stock-based compensation expense booked for the three-months ended June 30, 2014, $163,750 of said expense was accrued by the Company on a straight-line basis of $32,750 per quarter for the five quarters commencing in the first quarter of 2013 to the first quarter 2014. These quarterly accrued expenses were not factored into the Normalized EBITDA for the prior quarters, as the settlement through the issuance of stock-based compensation had not been determined, and the Company had not yet granted the stock-based compensation.

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

Net Loss to EBITDA and Normalized EBITDA	**2013**		**2012**	
	Q2	Q1	Q4	Q3
Net Loss	**$ (350,989)**	**$ (600,724)**	**$ (2,896,889)**	**$ (679,992)**
Interest expense	54,159	46,693	93,247	65,895
Exchange loss (gain)	(156,026)	(36,212)	(21,239)	102,421
Interest and other income	(2,712)	(2,260)	(3,833)	(2,582)
Gain on held for trading financial instruments	-	-	(399,491)	-
Amortization of equipment	32,537	36,921	38,690	7,691
Amortization of intangible assets	286,562	326,065	317,306	357,779
Tax provision (recovery)	34,641	67,403	18,247	(78,621)
Impairment of assets	-	-	2,419,864	-
EBITDA	**$ (101,828)**	**$ (162,114)**	**$ (434,098)**	**$ (227,409)**
One-time non-recurring expenditures and (recoveries)	45,800	8,319	217,986	107,964
Stock-based compensation expense(2)	7,615	12,199	43,739	87,239
Investment tax credits receivable – reassessment(1)	(54,125)	(54,125)	-	-
Normalized EBITDA	**$ (102,538)**	**$ (195,721)**	**$ (172,373)**	**$ (32,206)**

(1) During the three-months ended June 30, 2014, 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 of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

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

Equity to Working Capital			
	June 30, 2014	**June 30, 2013**	**March 31, 2014**
Equity	**$ 10,603,402**	**$ 8,515,384**	**$ 10,991,731**
Add: Long-term portion of notes payable	1,468,752	671,777	1,543,038
Add: Long-term portion of vehicle loans	139,140	38,787	152,400
Add: Long-term portion of royalty payable	-	114,759	-
Add: Future income tax liability	787,404	829,066	694,534
Less: Goodwill	(6,611,635)	(4,482,074)	(6,712,969)
Less: Intangible assets	(3,326,674)	(4,211,051)	(3,639,889)
Less: Long-term portion of investment tax credits receivable	(1,157,956)	(1,199,270)	(1,184,022)
Less: Long-term portion of lease receivable	(31,152)	(41,792)	(34,079)
Less: Deposit on leased premises	(39,582)	(39,581)	(39,580)
Less: Equipment	(276,469)	(128,842)	(281,511)
Less: Deferred income tax asset	-	-	(44,922)
Working Capital	**$ 1,555,230**	**$ 67,163**	**$ 1,444,731**

Liquidity and Financial Resources

As at June 30, 2014, HDX had cash and cash equivalents totaling $2,350,074 (June 30, 2013 - $1,337,975).

For the quarter-ended June 30, 2014 and 2013, provided by / (used in) operating activities was ($371,787) and $29,607 respectively. Cash provided by operations for the quarter-ended June 30, 2013 resulted from a net loss and unrealized gain / loss on foreign exchange, which was offset by changes in non-cash working capital items, and by items not affecting cash such as amortization, interest accretion and stock-based compensation. Cash used in operations for the quarter-ended June 30, 2014 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, deferred income tax expense and stock-based compensation.

For the quarters-ended June 30, 2014 and 2013, cash provided by / (used in) financing activities were ($16,573) and $25,186 respectively. Cash used in financing activities for the three-months ended June 30, 2014 resulted primarily from the repayments the vehicle loans and capital leases. Cash provided by financing activities for the three-months ended June 30, 2013 was a result of the initiation of a vehicle loan which was partially offset by the repayments of the vehicle loan payments. 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, 2014 and 2013, cash used in investing activities was $18,109 and $34,670 respectively. The cash used in investing activities during the three-months ended June 30, 2014 relates to the acquisition of property plant and equipment. The cash used in investing activities during the three-months ended June 30, 2013 relates primarily to the acquisition of property plant and equipment.

Working capital at June 30, 2014 and 2013 and March 31, 2014 was $1,555,230, $67,163 and $1,444,731, 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 of the Company plus the conversion option in the Consolidated Statement of Financial Position.

The debt to equity ratios as at June 30, 2014, June 30, 2013 and March 31, 2014 were as follows:

	June 30, 2014	June 30, 2013	March 31, 2014
Total Debt			
Notes payable	$ 2,332,105	$ 972,951	$ 2,309,809
Vehicle loans	191,477	54,784	204,659
Bank indebtedness	282,010	-	207,095
Total Debt	**$ 2,805,592**	**$ 1,027,735**	**$ 2,721,563**
Total Equity	**$ 10,603,402**	**$ 8,515,384**	**$ 10,991,731**
Debt to Equity Ratio	**26.5%**	**12.07%**	**24.76%**

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, 2014 was $542,913 (June 30, 2013 - $49,570), of which the Company had utilized $282,010 (June 30, 2013 - nil). 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	2014	2015 – 2016	2017 - 2018	2019 and beyond
Operating Leases	$ 882,192	$ 255,996	$ 556,342	$ 69,854	$ -
Long-Term Debt	3,091,288	826,885	751,591	1,512,812	-
Vehicle Loans	216,840	32,542	110,552	73,746	-
Total Contractual Obligations	**$ 4,190,320**	**$ 1,115,423**	**$ 1,418,485**	**$ 1,656,412**	**$ -**

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, 2014, based on amounts agreed upon by the parties, in the amounts of $10,621 and $20,063 (2013 - $3,867 and $17,111) respectively. The Company recognized operating expenses and purchased products of $74,446 and $152,503 during the three-months ended June 30, 2014 (2013 - $83,314 and $166,277) from a Company controlled by the CEO at the exchange amount. As at June 30, 2014, the Company has a receivable position of $21,769 (December 31, 2013 - $38,015), and a payable of $99,364 (December 31, 2013 - $106,764), which will be settled between the related parties in the normal course of business.

During the three and six-months ended June 30, 2014, the Company received legal fees and disbursement invoices totaling $17,882 and $30,684, (2013 - $45,800 and $54,119) respectively, from a law firm, a partner of which is a director of the Company. As at June 30, 2014, the Company has a payable position of $57,737 (December 31, 2013 - $117,588) 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, 2014	Six-months ended June 30, 2014	Three-months ended June 30, 2013	Six-months ended June 30, 2013
Salaries and short-term employee benefits	$ 273,177	$ 544,498	$ 244,177	$ 485,377
Share-based payments	205,327	206,894	4,178	8,355
Total	**$ 478,504**	**$ 751,392**	**$ 248,355**	**$ 493,732**

The salaries and short-term employee benefits are expensed as occurred, whereas the share-based payments are recorded at the date of grant and expensed over the vesting period to the Consolidated Statement of Operations and Comprehensive Loss.

Share Capital

As at June 30, 2014, Posera-HDX had issued and outstanding 59,343,087 Class A voting common shares, and 4,939,105 options, of which 4,435,105 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at August 14, 2014 Posera-HDX had issued and outstanding 59,374,087 Class A voting common shares and 4,894,921 options, of which 4,390,921 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at June 30, 2014 and August 14, 2014 the convertible debenture could have been converted into 3,333,333 and 3,333,333 Common Shares respectively.

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, 2013 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 year-ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2014, 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 acquisition of Zomaron Inc. (“Zomaron”) on December 9th, 2013. During fiscal 2014 the Company anticipates the completion of integrating this business under the Company’s current report processes, procedures and consolidated accounting system; and

No other changes were identified through management’s evaluation of the controls over financial reporting. Throughout the remainder of 2014 the Company aims to improve;

- 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;
- formalize a process for foreign tax reporting 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, 2013.

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 be 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 27, 2014, 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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