Interim Condensed Consolidated Financial Statements

Pivot Technology Solutions, Inc.

(formerly Acme Capital Corporation)

For the Three and Six Month Periods Ended
June 30, 2013 and 2012

(Unaudited)

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited]

[in thousands of U.S. dollars]

	June 30, 2013	December 31, 2012
ASSETS		
Current		
Cash and cash equivalents	**5,207**	16,553
Restricted cash	**-**	2,000
Accounts receivable	**194,982**	210,982
Income taxes recoverable	**337**	1,347
Inventories	**43,697**	32,874
Other current assets	**15,496**	5,630
Total current assets	**259,719**	**269,386**
Property, plant and equipment, net	**6,450**	6,123
Goodwill (note 4)	**29,733**	40,733
Intangible assets	**65,719**	69,891
Deferred income taxes	**14,019**	14,814
Other non-current assets	**727**	1,123
Total assets	**376,367**	**402,070**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Bank overdraft	**18,311**	10,930
Accounts payable and accrued liabilities	**174,466**	197,070
Income taxes payable	**453**	-
Deferred revenue and customer deposits	**15,782**	3,251
Other financial liabilities (note 5)	**126,967**	211,867
Total current liabilities	**335,979**	**423,118**
Other financial liabilities (note 5)	**4,328**	23,928
Other non-current liabilities	**812**	664
Total liabilities	**341,119**	**447,710**
Shareholders' equity (deficiency)		
Share capital (note 7)	**86,103**	60
Warrants and options (note 7)	**3,103**	3,000
Accumulated deficit	**(53,958)**	(48,700)
Total shareholders' equity (deficiency)	**35,248**	**(45,640)**
Total liabilities and shareholders' equity (deficiency)	**376,367**	**402,070**

See accompanying notes

On behalf of the Board:

"John Anderson"	*"John Sculley"*
John Anderson	**John Sculley**
Director	Director

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[unaudited]

[in thousands of U.S. dollars]

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Revenues				
Product sales	**292,264**	447,379	**527,482**	715,210
Service revenues	**26,895**	15,344	**43,139**	22,697
Other revenues	**2,518**	6,358	**5,340**	9,907
	321,677	**469,081**	**575,961**	**747,814**
Cost of sales	**284,651**	431,462	**509,054**	682,385
Gross profit	**37,026**	**37,619**	**66,907**	**65,429**
Operating expenses				
Selling and administrative	**29,205**	25,212	**55,677**	45,914
Depreciation and amortization	**2,840**	2,423	**5,656**	4,842
Interest expense (note 9)	**1,479**	7,726	**4,040**	10,148
Change in fair value of liabilities (note 10)	**(9,428)**	4,470	**(9,812)**	9,668
Goodwill impairment (note 4)	**11,000**	-	**11,000**	-
Transaction costs (note 11)	**-**	-	**1,754**	166
Other (income) expense	**298**	(180)	**11**	(3)
	35,394	**39,651**	**68,326**	**70,735**
Income (loss) before income taxes	**1,632**	(2,032)	**(1,419)**	(5,306)
Provision for (recovery of) income taxes (note 8)	**943**	2,290	**2,707**	3,846
Net and comprehensive income (loss) for the period	**689**	**(4,322)**	**(4,126)**	**(9,152)**
Net income (loss) per share (note 7)**:**				
Net income (loss) available to common shareholders:				
Net and comprehensive income (loss) for the period	**689**	(4,322)	**(4,126)**	(9,152)
Add back preferred dividends declared, net of tax	**(679)**	-	**(679)**	-
Net income (loss) available to common shareholders	**10**	(4,322)	**(4,805)**	(9,152)
Basic	**$ 0.00**	$ (0.08)	**$ (0.07)**	$ (0.18)
Diluted	**$ 0.00**	$ (0.08)	**$ (0.07)**	$ (0.18)

See accompanying notes

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

[unaudited]

[in thousands of U.S. dollars]

		Share Capital		**Warrants**	**Accumulated**	
	Preferred	**Common**	**Total Share**	**/Options**	**Deficit**	**Total**
Balance, December 31, 2012	-	60	**60**	3,000	(48,700)	**(45,640)**
Common shares issued on subscription receipts (note 6)	-	1,875	**1,875**	-	-	**1,875**
Capital movement pursuant to reverse acquisition (note 6)	-	783	**783**	21	-	**804**
Shares issued on debenture conversion (note 5)	80,216	3,169	**83,385**	-	-	**83,385**
Warrants issued pursuant to private placement (note 6)	-	-	**-**	82	-	**82**
Preferred share conversion to common shares	(10,240)	10,240	**-**	-	-	**-**
Preferred share dividends declared					(1,132)	**(1,132)**
Net loss for the period	-	-	**-**	-	(4,126)	**(4,126)**
Balance, June 30, 2013	**69,976**	**16,127**	**86,103**	**3,103**	**(53,958)**	**35,248**
			-			
Balance, December 31, 2011	-	-	**-**	3,000	(26,598)	**(23,598)**
Proceeds from issuance of shares	-	18	**18**	-	-	**18**
Net loss for the period	-	-	**-**	-	(9,152)	**(9,152)**
Balance, June 30, 2012	**-**	**18**	**18**	**3,000**	**(35,750)**	**(32,732)**

See accompanying notes

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited]

[in thousands of U.S. dollars]

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
OPERATING ACTIVITIES				
Net income (loss) for the period	**689**	(4,322)	**(4,126)**	(9,152)
Add (deduct) items not involving cash	**-**	-	**-**	-
Depreciation and amortization	**2,840**	2,423	**5,656**	4,842
Goodwill impairment	**11,000**	-	**11,000**	-
Deferred income taxes	**(802)**	(1,433)	**795**	(1,896)
Non cash transaction costs (note 11)	**-**	-	**736**	-
Change in fair value of liabilities (note 10)	**(9,428)**	4,470	**(9,812)**	9,668
Changes in non-cash working capital balances (note 12)	**(36,817)**	(55,380)	**(13,146)**	(54,856)
Cash used in operating activities	**(32,518)**	**(54,242)**	**(8,897)**	**(51,394)**
INVESTING ACTIVITIES				
Change in restricted cash	**-**	-	**2,000**	-
Payments made on contingent consideration	**(2,725)**	(7,809)	**(8,390)**	(7,809)
Net cash acquired from reverse acquisition	**-**	-	**126**	-
Capital expenditures	**(349)**	(322)	**(1,230)**	(768)
Other intangible assets	**(327)**	-	**(581)**	-
Cash used in investing activities	**(3,401)**	**(8,131)**	**(8,075)**	**(8,577)**
FINANCING ACTIVITIES				
Net change in debt facilities	**23,633**	57,115	**(2,913)**	71,479
Change in bank overdraft	**7,803**	(503)	**7,381**	4,807
Preferred share dividends paid	**(799)**	-	**(799)**	-
Issuance of common shares, net of costs	**-**	18	**1,957**	18
Cash provided by financing activities	**30,637**	**56,630**	**5,626**	**76,304**
Net increase (decrease) in cash and cash equivalents during the period	**(5,282)**	(5,743)	**(11,346)**	16,333
Cash and cash equivalents, beginning of period	**10,489**	42,442	**16,553**	20,366
Cash and cash equivalents, end of period	**5,207**	**36,699**	**5,207**	**36,699**

See accompanying notes

1. CORPORATE INFORMATION

Pivot Acquisition Corp. ("Pivot Acquisition") completed a reverse takeover ("RTO") of Pivot Technology Solutions, Inc. ("Pivot" or the "Company") formerly known as Acme Capital Corporation ("Acme"), on March 25, 2013. Acme was incorporated under the Business Corporations Act (Alberta) on January 25, 2011. It was classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange Inc. and, accordingly, had no significant assets other than cash and no commercial operations. Acme changed its fiscal year end to December 31 on March 25, 2013.

Pivot Acquisition was incorporated under the Business Corporations Act (Ontario) ("OBCA") on September 8, 2010, and is domiciled in Ontario, Canada. The registered office is located at 161 Bay Street, Suite 4420, Toronto, Ontario.

The Company has the following wholly owned subsidiaries: ACS Holdings (Canada) Inc., ACS Acquisition Holdings Inc., Pivot Research Ltd., Pivot Shared Services Ltd., ACS (US) Inc. ("ACS"), New ProSys Corp. ("ProSys"), Sigma Technology Solutions, Inc. ("Sigma") and ARC Acquisition (US), Inc. ("ARC").

The interim condensed consolidated financial statements of the Company for the three and six month periods ended June 30, 2013 and 2012 were authorized for issue in accordance with a resolution of the Company's Audit Committee on August 26, 2013.

The Company's strategy is to acquire and integrate technology solution providers, primarily in North America. The businesses acquired to date design, sell and support integrated computer hardware, software and networking products for business database, network and network security systems. The Company serves customers throughout the United States of America ("U.S.").

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of application as those used in Pivot Acquisition's consolidated financial statements for the year ended December 31, 2012.

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements are presented in U.S. dollars and all dollar values are rounded to the nearest thousand ($000), except where otherwise noted.

The interim condensed consolidated financial statements should be read in conjunction with Pivot Acquisition's consolidated financial statements for the year ended December 31, 2012.

Management has determined that the Company operates as a single operating segment, and the Company undertakes its operations in the U.S. Therefore, no segment reporting is included in these interim condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation are followed in the interim condensed consolidated financial statements as compared with Pivot Acquisition's most recent audited consolidated financial statements, including the notes, for the year ended December 31, 2012.

Standards effective January 1, 2013

The Company has adopted the following new standards, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC-12 *Consolidations – Special Purpose Entities* and replaces parts of IAS 27, *Consolidated and Separate Financial Statements*. This new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. The Company conducted a review of its non-wholly owned entities and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IAS 19 Employee Benefits

The new standard introduces a measure of 'net interest income (expense)' computed on the net pension asset (obligation) that will replace separate measurement of the expected return on plan assets and interest expense on the benefit obligation. The new standard also requires immediate recognition of past service costs associated with benefit plan changes. Under the current standard, past service costs are recognized over the vesting period. The adoption of this amendment did not have an effect on the interim condensed consolidated financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures

The IASB also amended IAS 28, an existing standard, to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 12. The adoption of this amendment did not have an effect on the interim condensed consolidated financial statements of the Company.

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint operation or a joint venture. The standard eliminates the use of the proportionate consolidation method to account for joint ventures. Joint ventures will be accounted for using the equity method of accounting while for a joint operation the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. IFRS 11 supersedes SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers* and IAS 31 *Joint Ventures*. The adoption of this amendment did not have an effect on the interim condensed consolidated financial statements of the Company.

IFRS 12 Disclosure of Interests in Other Entities

The standard combines the disclosure requirements for an entity's interest in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. The change in disclosure requirements relates to the degree of judgment that is now required to determine whether an entity is controlled and, therefore, consolidated. The amendment affects disclosure only and has no impact on the Company's financial position or results of operations.

IFRS 13 Fair Value Measurement

A new standard was created to establish a single source of guidance under IFRS for all fair value measurements. This standard does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. When measuring fair value, an entity is required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The adoption of this amendment did not have an effect on the interim condensed consolidated financial statements of the Company.

Amendments to IAS 1 — Changes to the presentation of other comprehensive income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to net income or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments affect disclosure only and have no impact on the Company's financial position or results of operations.

IAS 36 Impairment of assets

In May 2013, the IASB released an amendment to this standard that requires entities to disclose the recoverable amount of an asset or cash generating unit when an impairment loss has been recognized or reversed. This amendment is required to be applied for accounting periods beginning on or after January 1, 2014. The Company has early adopted this standard. The adoption of this amendment affected disclosure only and has no impact on the interim condensed consolidated financial statements of the Company.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of the issuance of the Company's interim condensed consolidated financial statements are listed below. This listing is of standards issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. This standard becomes effective for annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact of adoption of IFRS 9.

4. GOODWILL IMPAIRMENT

In the second quarter of 2013, the Company identified several potential indicators of impairment on its ACS business. These indicators included significant decreases in expected future revenues and gross profit, due to lower volumes of sales, as well as increased pressures on margins from customers seeking better pricing and from vendors making reductions in rebate programs. As such, the Company reviewed its business forecast and performed an interim impairment test on the ACS cash generating unit ("CGU").

The Company concluded that the recoverable amount based on the value in use impairment test was less than the carrying amount of the ACS CGU and accordingly, a goodwill impairment charge of $11,000 was recorded during the three month period ended June 30, 2013. The impact of the impairment charge net of tax was $6,490. The recoverable amount of the ACS CGU after the impairment charge is $70,346.

The recoverable amount was determined based on the value in use approach using a discounted cash flow model. The calculation of value in use is most sensitive to the following key assumptions:

- Projected cash flows
- Market assumptions
- Discount rate
- Growth rate and terminal value

Projected cash flows
The projected cash flows for the ACS CGU are derived from the most recently completed ACS business forecast, which is projected out for a future time period of three years based on management's best estimates. Projected cash flows are estimated by adjusting forecasted annual net income (for the forecast period) for non-cash items (such as amortization and depreciation), estimated changes in working capital and investments in capital assets. Estimating future earnings requires judgment, consideration of past and actual performance, as well as expected developments in the ACS CGU's respective markets and in the overall macroeconomic environment.

Market assumptions
The forecasted revenue for the ACS CGU in the business forecast is based on ACS securing an estimated number of projects. A change in the number of estimated projects to be secured can have a material impact on the projected future cash flows. The gross margin in the ACS business forecast is also dependent on assumptions made about the price of labor and materials in the future. A change in the assumptions of these key inputs can have a material impact on the projected future cash flows for the ACS CGU.

Discount rate
The discount rate represents the current market assessment of the risks specific to the ACS CGU, regarding the time value of money and the individual risks of the underlying assets, which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the ACS CGU and is derived from the weighted average cost of capital ("WACC") for the consolidated Company. The WACC takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service. ACS CGU specific risk is incorporated by applying individual specific risk factors; these specific risk factors are evaluated at least annually. The discounted cash flow model was established using a discount rate of 21%, and a pre-tax discount rate of 35%.

Terminal value growth rate
The terminal value growth rate is used to calculate the terminal value of the ACS CGU at the end of the projected free cash flow period of three years. A terminal value growth rate of 3.0% was used reflecting a conservative expectation of long term growth in technology investment; this figure also reflects the Company's best estimate of the set of economic conditions that are expected to exist over the forecast period.

Sensitivity to changes in assumptions
The Company believes that no reasonably possible change in any of the above key assumptions would cause a material difference in the recoverable amount of the ACS CGU.

5. OTHER FINANCIAL LIABILITIES

	June 30, 2013	December 31, 2012
Current		
Secured borrowings	**110,920**	113,833
Contingent consideration	**16,047**	19,204
Convertible debentures	**-**	78,830
	126,967	211,867
Non-current		
Contingent consideration	**4,328**	23,928
	4,328	23,928
	131,295	235,795

Secured borrowings

On December 30, 2010, the Company entered into an accounts receivable purchase agreement ("ARPA") with Wells Fargo Bank ("Wells Fargo"). This agreement has not met the de-recognition criteria of IAS 39 as the Company has not transferred all risks and rewards of accounts receivable to Wells Fargo. The balance owing to Wells Fargo is $40,148 and $40,283 as at June 30, 2013 and December 31, 2012, respectively.

Under the terms of the agreement, Wells Fargo has agreed to purchase the related rights of certain accounts receivable of ACS at a price of 90% of the face value of the receivable. The excess of payment made by customers as compared to the purchase price is remitted to the Company, net of applicable charges. The agreement expires on December 30, 2015. The maximum amount available under the facility is $80,000. Interest is payable monthly at a rate of LIBOR plus 3.5%. The ARPA is subject to certain financial covenants as a condition to continued borrowing. The Company was in compliance with these covenants at June 30, 2013 and December 31, 2012

On February 4, 2011, ProSys entered into a revolving credit agreement with PNC Bank ("PNC"). This agreement, which is an asset based loan ("ABL"), provides a line of credit secured by the assets of the Company. The ABL can be drawn to the lesser of $50,000 and the aggregate of 85% of eligible accounts receivable and 50% of eligible inventory balances to a maximum of $7,500. Interest is payable monthly at a rate of the higher of prime plus 0.5% or LIBOR plus 2.5%.

On April 4, 2012, the terms of the ABL between ProSys and PNC were amended such that the ABL can be drawn to the lesser of $75,000 and 85% of eligible accounts receivable plus 60% of eligible inventory balances, to a maximum of $15,000. The term of the ABL was extended until April 6, 2015. The balance owing to PNC is $53,477 and $53,889 as at June 30, 2013 and December 31, 2012, respectively.

On June 30, 2012, Sigma entered into a revolving credit security agreement with PNC. This agreement, which is an ABL, provides a line of credit secured by the assets of Sigma. The ABL can be drawn to the lesser of $30,000 and 85% of eligible accounts receivable. Interest is payable monthly at a rate of the higher of prime plus 1.75%, the Federal Funds Rate plus 2.25% or LIBOR plus 2.75%. The agreement expires on June 30, 2015. The balance owing to PNC is $17,295 and $19,661 as at June 30, 2013 and December 31, 2012, respectively.

Under the terms of the credit agreements with PNC, the Company is subject to certain restrictive covenants. The covenants require that the Company maintain a fixed charge ratio of at least 1.10 to 1.0 and place restrictions on investments, additional indebtedness, dividends and distributions, capital expenditures and leases. The Company was in compliance with these covenants as at June 30, 2013 and December 31, 2012.

Contingent consideration

On December 30, 2010, the Company acquired substantially all of the net assets of Applied Computer Solutions ("Old ACS"). As part of the asset purchase agreement with Old ACS, contingent consideration has been agreed. This consideration is dependent on the profit before tax of the acquired business during the three consecutive 12-month periods ending December 31, 2013. At the date of acquisition, the fair value of the contingent liability was determined to be $33,291. As at June 30, 2013 and December 31, 2012, the fair value of the contingent liability was determined to be $10,700 and $31,741, respectively. The Company recorded a recovery of $9,995 and a charge of

$1,414 related to the change in fair value of the contingent consideration for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a recovery of $15,293 and a charge of $3,190 related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively. The consideration is paid over three years and is due for final measurement and payment to the shareholders of ACS on May 1, 2014. Payments of $1,083 and nil were made during the three month periods ended June 30, 2013 and 2012, respectively. Payments of $5,748 and $6,665 were made during the six month periods ended June 30, 2013 and 2012, respectively. The possible range of undiscounted values of the remaining consideration to be paid is between $10,912 and $30,912.

On January 4, 2011, the Company acquired all of the issued and outstanding share capital of ProSys Information Systems, Inc. (“Old ProSys”), a wholly owned subsidiary of Avnet, Inc. As part of the purchase agreement with the shareholders of Old ProSys, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the acquired business during the three consecutive 12-month periods ending December 31, 2013. The fair value at the acquisition date was $4,707 and was determined to be $2,347 and $3,838 as at June 30, 2013 and December 31, 2012, respectively. The Company recorded a recovery of $11 and a charge of $216 related to the change in fair value of the contingent consideration for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a charge of $151 and $463 related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively. Payments of $1,642 and $1,144 were made during the three month periods ended June 30, 2013 and 2012, respectively. Payments of $1,642 and $1,144 were made during the six month periods ended June 30, 2013 and 2012, respectively. The possible range of undiscounted values of the remaining consideration to be paid is between nil and $9,714.

On August 12, 2011, the Company acquired substantially all of the assets and liabilities of Austin Ribbon & Computer Supplies, Inc. (“Old ARC”). As part of the asset purchase agreement with the shareholders of Old ARC, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the acquired business during the three consecutive 12-month periods ending August 12, 2014. The fair value at the acquisition date was $3,060 and was determined to be nil and $1,622 as at June 30, 2013 and December 31, 2012, respectively. The Company recorded a recovery of $1,779 and a charge of $130 related to the change in fair value of the contingent consideration for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a recovery of $1,622 and a charge of $48 related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively. No payments were made during the three month periods ended June 30, 2013 and 2012 and the six month periods ended June 30, 2013 and 2012. The possible range of undiscounted values of the remaining consideration to be paid is between nil and $4,500.

On July 1, 2012, the Company acquired substantially all of the net operating assets of Sigma Solutions, LP (“Old Sigma”). As part of the asset purchase agreement with the partners of Old Sigma, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from Old Sigma during the three consecutive 12-month periods ending July 1, 2015. The fair value at the acquisition date was estimated to be $5,719 and was determined to be $7,328 and $5,931 as at June 30, 2013 and December 31, 2012, respectively. The Company recorded a charge of $2,397 and nil related to the change in fair value of

the contingent consideration for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a charge of $2,397 and nil related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively. Payments of nil were made during the three month periods ended June 30, 2013 and 2012. Payments of $1,000 and nil were made during the six month periods ended June 30, 2013 and 2012, respectively. The possible range of undiscounted values of the remaining consideration to be paid is between $3,000 and $15,000.

Convertible debentures and Series A Preferred Shares

On January 25, 2013, Pivot Acquisition amended the terms of its outstanding debentures to provide an additional conversion right, such that a debenture holder has the right, exercisable within 10 business days of the receipt of notice of a proposed reverse takeover or a merger or amalgamation with a publicly listed company, to convert all or a portion of such holder's outstanding debentures into a new class of Pivot Series A Preferred Shares ("Series A Preferred Shares") at a price per share that is equal to 50% of the offering price in any concurrent public or private financing with a proposed reverse takeover, merger or amalgamation with a publicly listed company.

On March 25, 2013, immediately prior to the completion of the RTO, debentures in the amount of C$40,981 were converted into 102,452,501 Series A Preferred Shares (note 6) and debentures in the amount of C$1,619 were converted into 4,047,500 common shares (note 6) of the Company in accordance with the terms of the debentures.

Fair values

The carrying amount of the Company's current receivables and payables is a reasonable approximation of their fair values due to the short-term maturities of these instruments.

The fair value of all other financial instruments carried within the Company's interim condensed consolidated financial statements is not materially different from their carrying amount.

The following tables present information related to the Company's financial assets and liabilities measured at fair value on a recurring basis and the level within the hierarchy in which the fair value measurements fall:

	Fair value as at June 30, 2013			
Description	Level 1	Level 2	Level 3	Total
Contingent consideration	—	—	20,375	**20,375**

	Fair value as at December 31, 2012			
Description	Level 1	Level 2	Level 3	Total
Contingent consideration	—	—	43,132	**43,132**
Debentures	—	—	78,830	**78,830**
	—	—	121,962	**121,962**

The fair value of the contingent consideration was calculated using forecasts based on financial plans prepared by management covering the periods under agreement, using a discount rate of 18%.

The Company recorded a recovery of $9,428 and a charge of $1,760 related to the change in fair value of the contingent consideration for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a recovery of $14,367 and a charge of $2,532 related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively.

The Company recorded a charge of nil and $2,710 related to the change in fair value of the convertible debentures for the three month periods ended June 30, 2013 and 2012, respectively. The Company recorded a charge of $4,555 and a charge of $7,136 related to the change in fair value of the contingent consideration for the six month periods ended June 30, 2013 and 2012, respectively.

6. PRIVATE PLACEMENT AND REVERSE ACQUISITION

The private placement and reverse acquisition ("Qualifying Transaction") was completed on the following basis:

The Company changed its name from Acme Capital Corporation to Pivot Technology Solutions, Inc., effective March 21, 2013, and now trades under the symbol "PTG".

8,000,000 outstanding shares of Pivot were consolidated on the basis of one post-consolidation share for each previously outstanding 8 common shares of the Company effective March 21, 2013.

800,000 outstanding employee options issued by Pivot were consolidated on the basis of one post-consolidation option for each previously outstanding 8 issued options. The options can be exercised for C$0.80 per share, and expire 12 months from the date of the Qualifying Transaction.

200,000 agent compensation options of Pivot granted to the IPO Agent were consolidated on the basis of one post-consolidation option for each previously outstanding 8 issued options. The options were exercisable for C$0.80 per share. The options expired on June 29, 2013.

56,000,000 common shares owned by the former shareholders of Pivot Acquisition were issued common shares of Pivot on a one for one basis.

The subscription receipts issued by Pivot Acquisition (the "Subscription Receipts") at a price of C$0.80 per Subscription Receipt in connection with its brokered private placement was completed on March 11, 2013, resulting in the issue of 4,421,625 Subscription Receipts and raising gross proceeds of C$3,537. The Subscription Receipts were subsequently converted into common shares of Pivot on a one for one basis. 309,514 agent compensation options issued by Pivot Acquisition in connection with the private placement were replaced with 309,514 agent compensation options under Pivot, entitling the holder to purchase one Pivot share at C$0.80 per share until March 11, 2015.

Following the Qualifying Transaction, Pivot Acquisition converted debentures in the amounts of C$40,981 and C$1,619 into 102,452,501 Series A Preferred Shares and 4,047,500 common shares, respectively. These shares were exchanged on a one for one basis into 102,452,501 preferred shares and 4,047,500 common shares of Pivot. Broker compensation options of 7,455,000 issued in relation to this transaction were exchanged on a one for one basis into Pivot options. The options can be exercised for C$0.40 per share, and expire March 25, 2015.

The Company changed its financial year end to December 31, beginning with the financial year ending December 2013.

On March 25, 2013, the Company issued 166,921,626 of common and preferred shares to the former shareholders of Pivot Acquisition in exchange for 100% interest in Pivot Acquisition.

As a result of the transaction, the former shareholders of Pivot Acquisition owned 99.40% of the outstanding shares of the Company.

In accordance with IFRS 3 *Business Combinations*, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company prior to the RTO did not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Pivot Acquisition being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting interim condensed consolidated statement of financial position is presented as a continuance of Pivot Acquisition and comparative figures presented in the financial statements after the reverse acquisition are those of Pivot Acquisition.

IFRS 2 *Share-based Payment*, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because the Company has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference be recognized in comprehensive income (loss) as a reverse acquisition transaction cost. The amount assigned to reverse acquisition transaction cost of $736 is the difference between the fair value of the consideration and the net identifiable assets of the Company acquired by Pivot Acquisition, and is included in the interim condensed consolidated statements of comprehensive income (loss).

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the RTO transaction. This represents the fair value of the shares that Pivot Acquisition would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Pivot Acquisition acquiring 100% of the shares in the Company. The percentage of ownership the legal parent's shareholders had in the combined entity is 0.60% after the issue of 166,921,626 common and preferred shares of the Company to Pivot Acquisition shareholders. The warrants granted prior to the RTO remain exercisable after the completion of the amalgamation, and as such, the fair value of the warrants at the date of amalgamation is also included as part of the consideration transferred (note 7).

Based on the statement of financial position of the Company at the time of the reverse acquisition, the net assets at estimated fair value that were acquired by Pivot Acquisition were $68 and the resulting reverse acquisition transaction cost charged to the interim condensed consolidated statements of comprehensive income (loss) is as follows:

Consideration:	
Deemed issue of shares by Pivot Acquisition	783
Deemed replacement of options	21
	804
Identifiable assets acquired:	
Cash	126
Taxes recoverable	16
Accounts payable and accrued liabilities	(74)
	68
Unidentifiable assets acquired:	
Reverse acquisition transaction cost	736
Total net identifiable assets and reverse acquisition transaction cost	804

7. SHARE CAPITAL

As at June 30, 2013, the issued share capital amounted to $86,103. An unlimited number of both common and Series A Preferred Shares, with no par value, are authorized for issuance. The changes in issued share capital for the six month period ended June 30, 2013 were as follows:

	Series A Preferred	**Class A Preference**	**Class A Common**	**Class B Common**	**Class C Common**	**Common Shares**
	#	#	#	#	#	#
Balance January 1, 2013	-	-	3,000,000	2,000,000	51,000,000	-
Common shares issued on Subscription Receipts	-	4,421,625	-	-	-	-
Shares issued on debenture conversion	102,452,501	-	-	-	4,047,500	-
Issuance pursuant to RTO (note 6)	-	-	-	-	1,000,000	-
Capital movement pursuant to reverse acquisition	-	(4,421,625)	(3,000,000)	(2,000,000)	(56,047,500)	65,469,125
Preferred shares converted to common shares	(13,463,000)					13,463,000
Balance June 30, 2013	**88,989,501**	-	-	-	-	**78,932,125**

Note: Share amounts are not rounded

Series A Preferred Shares

The holders of Series A Preferred Shares are entitled to receive on a monthly basis in cash, out of any funds legally available therefor, a fixed cumulative preferential dividend at the rate of 6% per annum, when declared by the Board of Directors. The holders of the Series A Preferred Shares will be permitted to require the Company to redeem the Series A Preferred Shares for cash at a price per share that is equal to C$0.48 following the completion of any transaction where the Company has raised C$75,000 in capital. The Series A Preferred Shares carry an optional conversion right where each Series A Preferred Share can, at the option of the holders, be converted into one common share of the Company. The Series A Preferred Shares also carry a conversion right, whereby at any time after June 30, 2013, the Company will be permitted to require the holders to convert the Series A Preferred Shares into common shares of the Company.

Income (loss) per share

Basic earnings per share is based on the weighted average shares of common shares outstanding during the period. Diluted earnings per share assumes the weighted average dilutive effect of common share equivalents outstanding during the period applied to the Company's basic earnings per share. Common share equivalents represent potentially dilutive stock options, warrants, and dilutive shares related to the Company's Series A Preferred Shares. Common share equivalents are excluded from the computation in periods in which they have an anti-dilutive effect. The computation of diluted earnings per share for the three and six month periods ended June 30, 2013 did not include options to purchase 7,889,514 shares, as the result would have been anti-dilutive. The weighted average number of common shares issued and outstanding for the three and six month periods ended June 30, 2013, was 75,110,037 and 66,316,022, respectively.

For three and six month periods ended June 30, 2012, the basic loss per share calculated amount is the same as the fully diluted loss per share amount as the effect of any outstanding options or warrants would be anti-dilutive, because the Company was in a loss position. The weighted average number of common shares issued and outstanding for the three and six month periods ended June 30, 2012, was 51,800,000 and 51,662,637, respectively.

Warrants and options

Broker warrants

The Company's broker warrant instruments are classified as equity and measured at fair value on the date of issue. Broker warrants are compensation warrants issued to the brokers involved in the Company's financing efforts. Fair value is calculated at the grant date using the Black-Scholes option pricing model, and management's assumptions.

Subsequent to issue, broker warrants are not revalued. Warrants and broker warrants are re-classified to capital stock when they are exercised.

On March 11, 2013, Pivot Acquisition granted to its agents non-transferable warrants to purchase up to an aggregate of 309,514 common shares at a price of C$0.80 per share exercisable for a period of two years. The relative fair value of the warrants included in the private placement units (note 6) were valued using the Black-Scholes option pricing model using the following fair value assumptions: dividend yield of 0%, volatility rate of 60%, expected life of 2 years and risk-free interest rate of 0.98%. The fair value allocated to the warrants was C$83.

During 2011, Pivot Acquisition issued 7,455,000 broker compensation options in relation to the Company's debenture issue. The options can be exercised for C$0.40 per share and expire on March 25, 2015. The fair value allocated to the warrants was $3,000, which was recognized as an expense in fiscal 2011.

Options issued to directors and officers

On June 29, 2011, the Company granted share options to its directors and officers to acquire an aggregate of 100,000 common shares (after consolidation of 8 to 1) at a price of C$0.80 per share exercisable until June 29, 2021. Upon the completion of the RTO on March 25, 2013 which qualified as a qualifying transaction, the expiry date of the options has been changed to March 25, 2014. As the options remain exercisable after the completion of the RTO, the fair value of the options at the date of the RTO was included as part of the consideration transferred by Pivot Acquisition in the RTO. On March 25, 2013, the fair value of the options was estimated at C$19 using the Black-Scholes option pricing model. The assumptions used were as follows: risk-free interest rate of 1.03%, dividend yield of 0%, volatility rate of 60% and expected life of 1 year.

Options issued to agents

On June 29, 2011, the Company granted share options to agents (non-employees) to acquire an aggregate of 25,000 common shares (after consolidation of 8 to 1) at a price of C$0.80 per share exercisable until June 29, 2013. As the options remain exercisable after the completion of the RTO, the fair value of the options at the date of the RTO was included as part of the consideration transferred by Pivot Acquisition in the RTO. On March 25, 2013, the fair value of the options was estimated at C$3 using the Black-Scholes option pricing model. The assumptions used were as follows: risk-free interest rate of 0.96%, dividend yield of 0%, volatility rate of 60% and expected life of 0.29 year.

Dividends declared and paid

On April 25, 2013, the Board of Directors declared a dividend of C$0.005 per Series A Share. Total dividends of approximately C$452 were distributed on May 1, 2013 to shareholders of record at the close of business on April 30, 2013.

On April 25, 2013, the Board of Directors declared a dividend of C$0.004 per Series A Share. Total dividends of approximately C$364 were distributed on June 3, 2013 to shareholders of record at the close of business on May 27, 2013.

On June 13, 2013, the Board of Directors declared a dividend of C$0.004 per Series A Share. Total dividends of approximately C$351 were distributed on July 2, 2013 to shareholders of record at the close of business on June 25, 2013.

8. INCOME TAXES

Significant components of the provision for (recovery of) income taxes are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Current tax expense	**1,745**	3,723	**1,912**	5,742
Deferred tax (benefit) expense	**(802)**	(1,433)	**795**	(1,896)
	943	2,290	**2,707**	3,846

9. INTEREST EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Debentures	**-**	5,675	**1,151**	6,977
Secured borrowings	**1,479**	2,051	**2,889**	3,171
	1,479	7,726	**4,040**	10,148

10. CHANGE IN FAIR VALUE OF LIABILITIES

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Convertible debentures	**-**	2,710	**4,555**	7,136
Contingent consideration	**(9,428)**	1,760	**(14,367)**	2,532
	(9,428)	4,470	**(9,812)**	9,668

11. TRANSACTION COSTS

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Reverse acquisition transaction costs	**-**	-	**736**	-
Reverse take over costs	**-**	-	**1,018**	-
Bank fees	**-**	-	**-**	50
Advisory services provided by related parties	**-**	-	**-**	116
	-	-	**1,754**	166

12. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash working capital balances consist of the following:

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Accounts receivable	**(42,521)**	(92,308)	**16,000**	(97,612)
Income taxes recoverable and payable	**1,341**	(18)	**1,479**	7,130
Inventories	**(12,025)**	23,831	**(10,823)**	1,408
Other assets	**(2,261)**	(3,391)	**(9,470)**	(2,545)
Accounts payable and accrued liabilities	**25,095**	13,693	**(10,480)**	35,030
Other liabilities	**(6,446)**	2,813	**148**	1,733
	(36,817)	(55,380)	**(13,146)**	(54,856)

Interest paid and income taxes paid and classified as operating activities are as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Interest paid	**433**	4,182	**2,101**	5,665
Income taxes paid (refunded)	**59**	945	**74**	(1,322)

13. RELATED PARTY DISCLOSURES

In addition to the asset purchase agreement with Old ACS, a subsidiary of the Company has entered into an administrative services agreement, a license agreement and a distribution agreement with Old ACS commencing with the date of the asset purchase. The administrative services agreement commits the Company to performing certain administrative functions on behalf of Old ACS. Total amounts collected from Old ACS for these shared administrative services for the six month periods ended June 30, 2013 and 2012 amounted to $790. Total amounts collected from Old ACS for these shared administrative services for the three month periods ended June 30, 2013 and 2012 amounted to $395. The license agreement permits Old ACS to license from the Company certain of the intellectual property obtained by the Company in the asset purchase. A member of key management of ACS has significant influence over Old ACS, resulting in a related party relationship.

The Company is deemed to have the primary exposure to the significant risks and rewards associated with sales by Old ACS to its third party customers, and thus the Company is the principal and Old ACS is the agent of the Company with respect to such sales. The Company recognizes these revenues on a gross basis. Total gross sales through the agent are approximately $36,504 and $109,714 for the six month periods ended June 30, 2013 and 2012, respectively. Total gross sales through the agent are approximately $29,523 and $52,215 for the three month periods ended June 30, 2013 and 2012,

respectively. The Company's effective cost to the agent in respect of these revenues was approximately $1,553 and $2,977 for the six month periods ended June 30, 2013 and 2012, respectively, and $1,443 and $1,458 for the three month periods ended June 30, 2013 and 2012, respectively, which is included in the Company's cost of sales.

The Company has a similar contractual arrangement with Old ARC, whereby Old ARC is an agent of the Company. Total gross sales through the agent are approximately $19,665 and $15,328 for the six month periods ended June 30, 2013 and 2012, respectively. Total gross sales through the agent are approximately $10,769 and $7,242 for the three month periods ended June 30, 2013 and 2012, respectively.

A subsidiary of the Company leases two of its offices from a related entity controlled by that subsidiary's chief executive officer. The Company is obligated for repairs, maintenance, insurance and property tax on this lease. Rent paid on this lease was $774 and $657 for six month periods ended June 30, 2013 and 2012, respectively. Rent paid on this lease was $327 and $309 for the three month periods ended June 30, 2013 and 2012, respectively.

A subsidiary of the Company incurred $430 and $441 for the six month periods ended June 30, 2013 and 2012, respectively, and $190 and $91 for the three month periods ended June 30, 2013 and 2012, respectively, for marketing services provided by related entities controlled by that subsidiary's chief executive officer, and $13 and $18 in expenses for the use of aircraft owned by a related entity controlled by that subsidiary's chief executive officer, for the six month periods ended June 30, 2013 and 2012, respectively and $10 and $7 for the three month periods ended June 30, 2013 and 2012, respectively.

The following table sets out the compensation of key management personnel of the Company:

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Compensation	**602**	350	**2,450**	1,120
Termination benefits	**500**	-	**500**	-
Short-term employee benefits	**12**	2	**24**	3
	1,114	352	**2,974**	1,123

14. SUBSEQUENT EVENT

On August 19, 2013, the Company reached an agreement with the shareholders of Old ACS to allow up to $4,000 of the contingent consideration liability to be deferred into 2014. All amounts unpaid after December 31, 2013 will carry interest at 8%. The amounts deferred plus any accumulated interest must be repaid in full no later than June 30, 2014.