Interim Condensed Consolidated Financial Statements

Pivot Technology Solutions, Inc.

For the Three Months Ended
March 31, 2016 and 2015

(Unaudited)

(Expressed in Thousands of U.S. Dollars)

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of U.S. dollars]

	March 31, 2016	December 31, 2015
	(unaudited)	
ASSETS		
Current		
Cash and cash equivalents	**14,498**	7,978
Accounts receivable	**202,768**	266,285
Income taxes recoverable	**3,831**	-
Inventories	**92,845**	83,321
Other current assets	**28,117**	29,464
Total current assets	**342,059**	**387,048**
Property, plant and equipment, net	**7,940**	7,866
Goodwill	**29,733**	29,733
Intangible assets , net	**41,872**	43,955
Deferred income taxes (note 8)	**14,968**	15,982
Other non-current assets	**11,924**	11,379
Total assets	**448,496**	**495,963**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank overdraft	**16,520**	33,195
Accounts payable and accrued liabilities	**204,828**	254,168
Income taxes payable	**-**	500
Deferred revenue and customer deposits	**35,048**	33,747
Other financial liabilities (note 5)	**144,444**	123,373
Total current liabilities	**400,840**	**444,983**
Other non-current liabilities	**13,127**	11,960
Total liabilities	**413,967**	**456,943**
Shareholders' equity		
Share capital (note 6)	**88,521**	88,096
Warrants and options (note 6)	**1,803**	2,015
Contributed capital	**103**	103
Accumulated deficit	**(55,898)**	(51,194)
Total shareholders' equity	**34,529**	**39,020**
Total liabilities and shareholders' equity	**448,496**	**495,963**

See accompanying notes

On behalf of the Board:

"John Anderson"

John Anderson
Director

"John Sculley"

John Sculley
Director

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE LOSS

[unaudited]

[in thousands of U.S. dollars]

For the three months ended March 31,		**2016**		2015
Revenues				
Product sales		**291,738**		255,634
Service revenues		**39,320**		38,624
Other revenues		**1,729**		2,115
		332,787		**296,373**
Cost of sales		**294,784**		264,177
Gross profit		**38,003**		**32,196**
Operating expenses				
Selling and administrative		**36,552**		30,887
Depreciation and amortization		**2,879**		3,085
Interest expense		**1,038**		1,837
Change in fair value of liabilities (note 9)		**683**		725
Transaction costs		**191**		17
Other expense		**1,443**		1
		42,786		**36,552**
Loss before income taxes		**(4,783)**		(4,356)
Recovery of income taxes (note 8)		**(1,028)**		(1,249)
Net and comprehensive loss for the period		**(3,755)**		**(3,107)**
Net loss per share (note 6)**:**				
Net loss available to common shareholders:				
Net and comprehensive loss for the period		**(3,755)**		(3,107)
Deduct preferred dividends declared		**-**		(461)
Net loss available to common shareholders		**(3,755)**		(3,568)
Basic	**$**	**(0.02)**	$	(0.03)
Diluted	**$**	**(0.02)**	$	(0.03)

See accompanying notes

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[unaudited]

[in thousands of U.S. dollars]

	Share Capital			Contributed	Warrants/	Accumulated	
	Preferred	**Common**	**Total**	**Capital**	**Options**	**Deficit**	**Total**
Balance, December 31, 2014	**48,080**	**38,045**	**86,125**	**21**	**3,082**	**(51,990)**	**37,238**
Preferred share conversion to common shares	(48,080)	48,080	**-**	-	-	-	**-**
Preferred share dividends declared (note 6)	-	-	**-**	-	-	(461)	**(461)**
Net and comprehensive loss for the period	-	-	**-**	-	-	(3,107)	**(3,107)**
Balance, March 31, 2015	**-**	**86,125**	**86,125**	**21**	**3,082**	**(55,558)**	**33,670**
Balance, December 31, 2015	**-**	**88,096**	**88,096**	**103**	**2,015**	**(51,194)**	**39,020**
Options exercised (note 6)	-	425	**425**	-	(212)	-	**213**
Common share dividends declared (note 6)	-	-	**-**	-	-	(949)	**(949)**
Net and comprehensive loss for the period	-	-	**-**	-	-	(3,755)	**(3,755)**
Balance, March 31, 2016	**-**	**88,521**	**88,521**	**103**	**1,803**	**(55,898)**	**34,529**

See accompanying notes

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited]

[in thousands of U.S. dollars]

For the three months ended March 31,	**2016**	2015
OPERATING ACTIVITIES		
Net and comprehensive loss for the period	**(3,755)**	(3,107)
Add (deduct) items not involving cash		
Depreciation and amortization	**2,879**	3,085
Provision for receivables	**15**	-
Loss (gain) on disposals of property, plant and equipment	**5**	(1)
Deferred income taxes (note 8)	**1,014**	352
Amortization of loan fees	**74**	178
Change in fair value of liabilities (note 9)	**683**	725
Changes in non-cash working capital balances (note 10)	**10,658**	18,735
Cash provided by operating activities	**11,573**	19,967
INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	**-**	1
Capital expenditures	**(691)**	(2,541)
Intangible assets	**(184)**	(250)
Cash used in investing activities	**(875)**	(2,790)
FINANCING ACTIVITIES		
Net change in debt facilities	**20,388**	(338)
Net change in flooring arrangements	**(7,155)**	3,682
Change in bank overdraft	**(16,675)**	(19,705)
Common share dividends paid	**(949)**	-
Preferred share dividends paid	**-**	(585)
Issuance of common shares, net of costs	**213**	-
Cash used in financing activities	**(4,178)**	(16,946)
Net increase in cash and cash equivalents during the period	**6,520**	231
Cash and cash equivalents, beginning of period	**7,978**	8,527
Cash and cash equivalents, end of period	**14,498**	8,758

See accompanying notes

1. CORPORATE INFORMATION

Pivot Technology Solutions, Inc. ("Pivot" or the "Company") is located in Ontario Canada, and is publicly listed on the TSX Venture Exchange and trades under the symbol "PTG". The registered office is located at 40 King Street, Suite 4400, Toronto, Ontario.

The Company has the following wholly owned subsidiaries: Pivot Acquisition Corporation (PAC), ACS Holdings (Canada) Inc., Pivot Technology Solutions, Ltd. (formerly known as ACS Acquisition Holdings Inc.), Pivot Research Ltd., Pivot Shared Services Ltd., Pivot of the Americas ("POTA"), ACS (US) Inc. ("ACS"), New ProSys Corp. ("ProSys"), Pivot Solutions North America, Inc., (formerly known as Sigma Technology Solutions, Inc. or "Sigma") and ARC Acquisition (US), Inc. ("ARC").

The unaudited interim condensed consolidated financial statements of the Company for the three-months ended March 31, 2016 and 2015 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 25, 2016.

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 primarily serves customers throughout the United States of America ("U.S.").

2. BASIS OF PREPARATION

The unaudited 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 unaudited 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 unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

Certain amounts have been reclassified from the unaudited interim condensed consolidated financial statements previously presented to conform to the presentation of these unaudited interim condensed consolidated financial statements in accordance with IFRS.

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 unaudited interim condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation are followed in the unaudited interim condensed consolidated financial statements as compared with the Company's most recent audited consolidated financial statements, including the notes, for the year ended December 31, 2015.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's unaudited 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

International Financial Reporting Standard 9, *Financial Instruments* ("IFRS 9"), as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its unaudited interim condensed consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the unaudited interim condensed consolidated financial statements.

Property, Plant and Equipment ("IAS 16"), and Intangible Assets ("IAS 38")

In May 2014, the IASB issued amendments to IAS 16 and IAS 38 prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. The Company is currently assessing the impact of this standard on its unaudited interim condensed consolidated financial statements.

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on the balance sheet for lessees. This standard is effective for annual reporting periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Company has not yet determined the impact on its unaudited interim condensed consolidated financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A subsidiary of the Company entered into a secured flooring agreement with IBM Global Finance (“IBM”) on August 10, 2011, which provides short-term financing. The IBM secured flooring agreement allows up to $15,000 in advances on purchases from approved vendors. Approved vendors send invoices directly for payment and IBM bills the Company monthly for vendor invoices received. After 60 days, the Company incurs interest on the outstanding balance at LIBOR plus 4.5%. $9,601 and $13,710 were due to IBM as at March 31, 2016 and December 31, 2015, respectively. The Company is required to maintain certain financial ratios and was in compliance as at March 31, 2016 and December 31, 2015. This amount is included in accounts payable and accrued liabilities in the unaudited interim condensed consolidated statements of financial position.

On August 26, 2014, another subsidiary executed a purchase finance agreement with Macquarie Equipment Finance (“Macquarie”) that allowed up to $10,000 in unsecured advances on purchases from approved suppliers. On March 24, 2015, the agreement with Macquarie was amended to allow up to $15,000 on 60-day unsecured advances from approved suppliers. Interest of LIBOR plus 1.58% will be applied. $4,029 and $7,073 was outstanding under the Macquarie purchase finance agreement as at March 31, 2016 and December 31, 2015. This amount is included in accounts payable and accrued liabilities in the unaudited interim condensed consolidated statements of financial position.

5. OTHER FINANCIAL LIABILITIES

	March 31, 2016	December 31, 2015
Current		
Secured borrowings, net of deferred loan costs	**141,774**	121,386
Interest rate swap	**2,670**	1,987
	144,444	123,373

Secured borrowings

On November 13, 2013 (“PNC Closing Date”), Pivot Technology Solutions Ltd., a wholly owned subsidiary of the Company, along with certain of its subsidiaries, ACS, ProSys and Sigma (collectively the “PNC Borrowing Group”), entered into an agreement with PNC Bank (“PNC”) for the provision of

$185,000 of senior secured asset-based credit facilities (“PNC Credit Facility”). The PNC Credit Facility originally consisted of a $10,000 term loan (“PNC Term Loan”) and a senior secured revolving credit facility (“PNC Revolving Credit Facility”) that allowed the PNC Borrowing Group to draw up to $175,000, subject to borrowing base limitations, a portion of which could be used for letters of credit or swing line loans.

The PNC Term Loan principal was due in four consecutive quarterly installments of $500 commencing on January 1, 2014, ten consecutive quarterly installments of $750 commencing on January 1, 2015, followed by a final payment of $500 plus all unpaid principal, accrued and unpaid interest and all unpaid fees and expenses on August 13, 2017. Unless a new credit facility was arranged by PNC, a 2% premium applied to any portion of the PNC Term Loan that was prepaid on or before the one-year anniversary of the PNC Closing Date and a 1% premium applied to any prepayment after the first anniversary of the PNC Closing Date and on or before the third anniversary of the PNC Closing Date.

The PNC Revolving Credit Facility provided for a borrowing rate of Prime plus 1% to 1.5% or LIBOR plus 2% to 2.5% per annum, based on average quarterly undrawn availability, at the Company’s election. The PNC Term Loan bore interest at Prime plus 9% or LIBOR plus 10% per annum at the Company’s election. The PNC Revolving Credit Facility contained an unused commitment fee of 0.375% per annum.

A 1% fee of $58 was charged for the termination of the PNC Term Loan prior to the third anniversary of the PNC Closing Date.

The PNC Borrowing Group was able to use up to $10,000 of its available borrowing under the PNC Credit Facility for letters of credit which were charged a fronting fee of 0.25% and bore interest at Prime plus 1.5%. The PNC Borrowing Group could also use up to $17,500 of its available borrowing under the PNC Credit Facility for swing loans which charged a fee of Prime plus 1.5% per annum. A letter of credit for $250 was outstanding under the PNC Credit Facility at March 31, 2016 and December 31, 2015.

On September 21, 2015, the Company entered into a credit agreement with certain institutional lenders, represented by JPMorgan Chase Bank, N.A. (“JPMC”), that provides for a $200,000 secured asset-based revolving credit facility, subject to borrowing base limitations, a portion of which could be used for letters of credit or swing line loans (“JPMC ABL Credit Facility”). The JPMC ABL Credit Facility is scheduled to expire on September 21, 2020. Any advances under the credit agreement will accrue interest at rates that are equal to, based on certain conditions, either (a) JPMC’s “prime rate” as announced from time to time plus 0.0% to 0.25%, or (b) LIBOR, or a comparable or successor rate that is approved by the Administrative Agent, for an interest period of one month plus 1.50% to 1.75%, at the Company’s election. The credit agreement requires that the Company comply with certain covenants as defined in the agreement.

The Company may also, upon the agreement of either the then-existing lenders or additional lenders not currently parties to the agreement, increase the commitments under the JPMC ABL Credit Facility by up to an additional $75,000. The lenders under the JPMC ABL Credit Facility are not under any obligation to provide any such additional commitments, and any increase in commitments is subject to several conditions precedent and limitations. On January 14, 2016, the JPMC ABL Credit Facility agreement was amended, increasing the overall facility to $225,000.

In connection with the JPMC ABL Credit Facility, the Company incurred finance costs which have been capitalized and are being amortized over the life of the credit agreement. As at March 31, 2016, $143,130 was outstanding under the JPMC ABL Credit Facility and the Company was in compliance with the required covenants. The outstanding balance is shown net of deferred loan costs of $1,356, at March 31, 2016, in current other financial liabilities in the unaudited interim condensed consolidated statements of financial position.

This credit facility replaces the PNC Credit Facility that was entered into on November 13, 2013, which was terminated, at the Company's election, in connection with its entering into the new credit facility.

As a result of the transactions described above, the Company incurred a loss on the derecognition of the PNC Credit Facility. This loss consisted of (1) $2,553 for the write-off of deferred costs associated with the repayment of the PNC Credit Facility and (2) a $58 termination fee required to prepay the Company's PNC Term Loan.

Interest rate swap

On April 3, 2014, the Company entered into an interest rate forward swap agreement ("Swap") with PNC to mitigate the risk of fluctuating interest rates. Under the terms of the Swap, the interest rate varied between 4.655% and 5.155% on $50,000 of the amount outstanding under the PNC Credit Facility. This range of rates is in effect from April 7, 2016 through November 13, 2018. As part of the Novation Agreement noted below, the interest rate will now vary between 4.305% and 4.555% on $50,000 of the amount outstanding under the JPMC ABL Credit Facility. The changes in the fair value of this instrument were recorded as a change in fair value of liabilities in the unaudited interim condensed consolidated statements of net and comprehensive loss. As at March 31, 2016 and December 31, 2015, the fair value of the Swap was determined to be $2,670 and $1,987, respectively, which represents the cost that would be incurred by the Company to exit the Swap, due to fluctuations in future interest rate expectations.

On September 21, 2015, in connection with the commencement of the new JPMC ABL Credit Facility, the Company novated the Swap and transferred to JPMC of all the rights, liabilities, duties and obligations of the Interest Rate Swap Provider (PNC). The transactions between the Company and JPMC will be subject to the same terms and with the same provisions as set forth in the Interest Rate Swap Agreement but with the modifications as set forth in the Novation Agreement.

6. SHARE CAPITAL

As at March 31, 2016, the issued share capital amounted to $88,521. An unlimited number of both common and preferred shares, with no par value, were authorized for issuance. The changes in issued share capital for the three-month period ended March 31, 2016 were as follows:

	Common Shares #
As at January 1, 2016	170,901,626
Cancellation of shares	(180,000)
Options exercised	700,000
As at March 31, 2016	**171,421,626**

Note: Share amounts are not rounded

As at March 31, 2015, the issued share capital amounted to $86,125. An unlimited number of both common and preferred shares, with no par value, are authorized for issuance. The changes in issued share capital for the three-month period ended March 31, 2015 were as follows:

	Series A Preferred #	Common Shares #
As at January 1, 2015	60,163,380	107,623,246
Cancellation of shares	-	(67,500)
Preferred shares converted to common shares	(60,163,380)	60,163,380
As at March 31, 2015	-	**167,719,126**

Note: Share amounts are not rounded

Normal Course Issuer Bid

On March 30, 2016, the Company obtained the approval of the TSX Venture Exchange to implement a Normal Course Issuer Bid ("NCIB") for its common shares. Under the NCIB, the Company may acquire up to approximately 5% of the Company's issued and outstanding common shares. Subject to renewal of the NCIB, the NCIB for the common shares of the Company will terminate on the earlier of March 31, 2017 and the date on which the Company has acquired the maximum number of common shares permitted under the NCIB. All common shares acquired under the NCIB will be acquired at the market price of the securities at the time of acquisition. The common shares so acquired will be cancelled.

Series A Preferred Shares

The holders of Series A Preferred Shares were entitled to receive, on a monthly basis, in cash, out of any funds legally available therefore, 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 were 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 had raised C$75,000 in capital. The Series A Preferred Shares carried an optional conversion right where each Series A Preferred Share could, at the option of the holders, be converted into one common share of the Company. The Series A Preferred Shares also carried a conversion right, whereby at any time after June 30, 2013, the Company was permitted to require the holders to convert the Series A Preferred Shares into common shares of the Company. On March 16, 2015, the Company converted all of the outstanding Series A Preferred Shares into common shares.

Loss per share

Basic net loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss 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 and warrants. Common share equivalents are excluded from the computation in periods in which they have an anti-dilutive effect. 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, as the Company was in a loss position. The weighted average number of common shares issued and outstanding for the periods ended March 31, 2016 and 2015 were 171,035,472 and 118,572,805, respectively. The computation of diluted earnings per share for the periods ended March 31, 2016 and 2015 did not include options to purchase 3,505,000 and 7,455,000 shares, respectively, as the result would have been anti-dilutive.

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 share capital when they are exercised or contributed capital, if expired and unexercised.

On March 11, 2013, Pivot Acquisition granted to its private placement 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 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 two years and risk-free interest rate of 0.98%. The fair value allocated to the warrants was C$83. On March 11, 2015, the options had not been exercised, and have expired accordingly.

During 2011, Pivot Acquisition issued 7,455,000 broker compensation warrants in relation to the Company's Debenture issue. The options could be exercised for C$0.40 per share and expired on April 14, 2016 (note 12). The fair value allocated to the warrants was $3,000, which was recognized as an expense in fiscal 2011. The following broker options have been exercised to date:

Date	# of Options Exercised	# of Shares Issued	Price per Share	Proceeds
May 19, 2015	100,000	100,000	C$0.40	C$40,000
September 18, 2015	300,000	300,000	C$0.40	C$120,000
September 28, 2015	400,000	400,000	C$0.40	C$160,000
October 16, 2015	500,000	500,000	C$0.40	C$200,000
October 22, 2015	700,000	700,000	C$0.40	C$280,000
November 27, 2015	450,000	450,000	C$0.40	C$180,000
December 8, 2015	800,000	800,000	C$0.40	C$320,000
February 22, 2016	400,000	400,000	C$0.40	C$160,000
March 28, 2016	300,000	300,000	C$0.40	C$120,000
Total Options Exercised	3,950,000	3,950,000		C$1,580,000

Cancellation of shares

During 2014, the Company cancelled a total of 135,000 shares. The Company cancelled 67,500 common shares each on March 30, 2015 and September 28, 2015. The cancellations were related to the resignation of the Company's former CEO, which was announced on July 3, 2013. On the date of resignation, 40% (or 300,000) of the 750,000 shares previously granted to the former CEO pursuant to his service agreement with the Company had vested, and as such, 60% or 450,000 shares are required to be cancelled upon release from escrow. All 750,000 shares had been placed into escrow following the completion of the Qualifying Transaction as described in the Company's filing statement dated March 8, 2013. 60% of the shares will be cancelled as they are released from escrow, until a total of 450,000 shares are cancelled. On March 28, 2016, 180,000 shares were cancelled, satisfying the requirement to cancel 450,000 shares.

Dividends declared and paid

Series A Dividends declared and paid were as follows:

Declaration Date	Record Date	Distribution Date	Per share amount	Total dividend
December 10, 2014	December 22, 2014	January 5, 2015	C$0.00407671	C$250
January 13, 2015	January 26, 2015	February 3, 2015	C$0.00407671	C$245
February 11, 2015	February 23, 2015	March 4, 2015	C$0.00368219	C$221
March 6, 2015	March 15, 2015	April 3, 2015	C$0.00197260	C$115

Note: Per share amounts are not rounded

Common share dividends declared and paid were as follows:

Declaration Date	Record Date	Distribution Date	Per share amount	Total dividend
August 19, 2015	August 31, 2015	September 15, 2015	C$0.0075	C$1,259
November 20, 2015	December 2, 2015	December 15, 2015	C$0.0075	C$1,276
February 4, 2016	February 29, 2016	March 15, 2016	C$0.0075	C$1,284

Note: Per share amounts are not rounded

7. FINANCIAL INSTRUMENTS

The following tables set out the classification of financial and non-financial assets and liabilities:

As at March 31, 2016	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Non-financial	Total carrying amount
Cash and cash equivalents	14,498	-	-	-	14,498
Accounts receivable	-	202,768	-	-	202,768
Other non-financial assets	-	-	-	231,230	231,230
Total assets	14,498	202,768	-	231,230	448,496
Bank overdraft	16,520	-	-	-	16,520
Accounts payable and accrued liabilities	-	-	204,828	-	204,828
Other financial liabilities	2,670	-	141,774	-	144,444
Other non-financial liabilities	-	-	-	48,175	48,175
Total liabilities	19,190	-	346,602	48,175	413,967

As at December 31, 2015	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Non-financial	Total carrying amount
Cash and cash equivalents	7,978	-	-	-	7,978
Accounts receivable	-	266,285	-	-	266,285
Other non-financial assets	-	-	-	221,700	221,700
Total assets	7,978	266,285	-	221,700	495,963
Bank overdraft	33,195	-	-	-	33,195
Accounts payable and accrued liabilities	-	-	254,168	-	254,168
Other financial liabilities	1,987	-	121,386	-	123,373
Other non-financial liabilities	-	-	-	46,207	46,207
Total liabilities	35,182	-	375,554	46,207	456,943

Fair values

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

The following table presents information related to the Company's financial assets and liabilities measured at fair value on a recurring basis and the level within the guidance hierarchy in which the fair value measurements fall as at March 31, 2016 and December 31, 2015:

		Fair value as at March 31, 2016		
Description	Level 1	Level 2	Level 3	Total
Interest rate swap	-	**2,670**	-	**2,670**
	-	**2,670**	-	**2,670**

		Fair value as at December 31, 2015		
Description	Level 1	Level 2	Level 3	Total
Interest rate swap	-	1,987	-	1,987
	-	1,987	-	1,987

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivative financial

instruments are recorded in Level 2. The fair value of the Swap is calculated as the present value of the estimated future cash flows based on observable yield curves.

There have been no transfers among any levels during the period.

8. INCOME TAXES

Significant components of the recovery of income taxes are as follows:

Three-month periods ended March 31,	**2016**	2015
Current tax benefit	**(2,042)**	(1,601)
Deferred tax expense	**1,014**	352
	(1,028)	(1,249)

9. CHANGE IN FAIR VALUE OF LIABILITIES

Three-month periods ended March 31,	**2016**	2015
Contingent consideration	**-**	3,679
Interest rate swap	**683**	573
Fixed consideration	**-**	80
	683	725

10. CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

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

Three-month periods ended March 31,	**2016**	2015
Accounts receivable	**63,502**	43,628
Income taxes recoverable	**(4,331)**	(2,580)
Inventories	**(9,524)**	(10,708)
Other assets	**728**	(1,878)
Accounts payable and accrued liabilities	**(40,884)**	(9,100)
Other liabilities	**1,167**	(627)
	10,658	18,735

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

Three-month periods ended March 31,	**2016**	2015
Interest paid	**894**	1,657
Income taxes paid	**2,478**	1,060

11. RELATED PARTY DISCLOSURES

In addition to the asset purchase agreement with Applied Computer Solutions ("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. The total amount collected from Old ACS for these shared administrative services was $395 and $783 for the three-month periods ended March 31, 2016 and 2015, respectively. 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 the Company 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 this revenue on a gross basis. Total gross sales through the agent are approximately $36,117 and $17,281 for the three-month periods ended March 31, 2016 and 2015, respectively.

The Company has a similar contractual arrangement with Austin Ribbon & Computer Supplies, Inc., ("Old ARC"), whereby Old ARC is an agent of the Company. Total gross sales through the agent were approximately $24,130 and $24,979 for the three-month periods ended March 31, 2016 and 2015, respectively.

The Company has certain contractual arrangements, with ProSys Information Systems, Inc., ("Old ProSys"), an associate of the Company, where the Company is deemed to have primary exposure for the significant risks and rewards associated with sales by Old ProSys to its third-party customers. As such, the Company is considered to be the principal, while Old ProSys is considered an agent of the Company with respect to such sales. Total gross sales through the agent were approximately $55,981 and $43,219 for the three months ended March 31, 2016 and 2015, respectively.

Certain subsidiaries lease offices from related entities. One 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 these leases. Rent paid on these leases was $443 and $302 for the three-month periods ended March 31, 2016 and 2015, respectively.

A subsidiary of the Company incurred nil and $20 in expenses for the use of aircraft owned by a related entity controlled by that subsidiary's chief executive officer for the three-month periods ended March 31, 2016 and 2015, respectively.

A subsidiary of the Company incurred $705 and $806 for the three-month periods ended March 31, 2016 and 2015, respectively, for research and development provided by an entity where that subsidiary's president has significant influence.

A subsidiary of the Company incurred $80 and nil for the three-months ended March 31, 2016 and 2015, respectively, for sales and marketing support provided by a related entity over which a Company director has significant influence.

The following table sets out the compensation of the Board of Directors and Company officers:

Three-month periods ended March 31,	**2016**	2015
Compensation	**715**	439
Short-term employee benefits	**12**	9
	727	448

12. SUBSEQUENT EVENTS

On April 14, 2016, 2,931,000 broker compensation warrants issued in relation to the Company's Debenture issue expired unexercised.