Interim Condensed Consolidated Financial Statements

Pivot Technology Solutions, Inc.

(formerly Acme Capital Corporation)

For the Three Months Ended
March 31, 2013 and 2012

(Unaudited)

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited]

[in thousands of U.S. dollars]

	March 31, 2013	December 31, 2012
ASSETS		
Current		
Cash and cash equivalents	10,489	16,553
Restricted cash	—	2,000
Accounts receivable	152,461	210,982
Income taxes recoverable	1,225	1,347
Inventories	31,672	32,874
Other current assets	13,066	5,630
Total current assets	**208,913**	**269,386**
Property, plant and equipment, net	6,565	6,123
Goodwill	40,733	40,733
Intangible assets	67,391	69,891
Deferred income taxes	13,217	14,814
Other non-current assets	1,273	1,123
Total assets	**338,092**	**402,070**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Bank overdraft	10,508	10,930
Accounts payable and accrued liabilities	161,569	197,070
Deferred revenue and customer deposits	9,766	3,251
Other financial liabilities (note 4)	101,113	211,867
Total current liabilities	**282,956**	**423,118**
Other financial liabilities (note 4)	18,702	23,928
Other non-current liabilities	743	664
Total liabilities	**302,401**	**447,710**
Shareholders' equity (deficiency)		
Share capital (note 6)	86,103	60
Warrants and options (note 6)	3,103	3,000
Accumulated deficit	(53,515)	(48,700)
Total shareholders' equity (deficiency)	**35,691**	**(45,640)**
Total liabilities and shareholders' equity (deficiency)	**338,092**	**402,070**

See accompanying notes

On behalf of the Board:

"John Anderson" "John Sculley"

John Anderson
Director

John Sculley
Director

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

[unaudited]

[in thousands of U.S. dollars]

Three month periods ended March 31,	**2013**	**2012**
Revenues		
Product sales	235,218	267,831
Service revenues	16,244	7,353
Other revenues	2,822	3,549
	254,284	**278,733**
Cost of sales	224,403	250,923
Gross profit	**29,881**	**27,810**
Operating expenses		
Selling and administrative	26,472	20,702
Depreciation and amortization	2,816	2,419
Interest expense (note 8)	2,561	2,422
Change in fair value of liabilities (note 9)	(384)	5,198
Transaction costs (note 10)	1,754	166
Other (income)/expense	(287)	177
	32,932	**31,084**
Loss before income taxes	(3,051)	(3,274)
Provision for income taxes (note 7)	1,764	1,556
Net loss and comprehensive loss for the period	**(4,815)**	**(4,830)**
Net loss per share (note 6)**:**		
Basic	$(0.08)	$(0.09)
Diluted	$(0.08)	$(0.09)

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					
	Preferred $	**Common $**	**Total Share $**	**Warrants /Options $**	**Accumulated Deficit $**	**Total $**
Balance, December 31, 2012	—	60	**60**	3,000	(48,700)	**(45,640)**
Common shares issued on subscription receipts (note 5)	—	1,875	**1,875**	—	—	**1,875**
Capital movement pursuant to reverse acquisition (note 5)	—	783	**783**	21	—	**804**
Shares issued on debenture conversion (notes 4 and 6)	80,216	3,169	**83,385**	—	—	**83,385**
Warrants issued pursuant to private placement (notes 5 and 6)	—	—	**—**	82	—	**82**
Net loss for the period		—	**—**	—	(4,815)	**(4,815)**
Balance, March 31, 2013	**80,216**	**5,887**	**86,103**	**3,103**	**(53,515)**	**35,691**
Balance, December 31, 2011	—	—	**—**	3,000	(26,598)	**(23,598)**
Net loss for the period	—	—	**—**	—	(4,830)	**(4,830)**
Balance, March 31, 2012	**—**	**—**	**—**	**3,000**	**(31,428)**	**(28,428)**

See accompanying notes

Pivot Technology Solutions, Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited]

[in thousands of U.S. dollars]

Three month periods ended March 31,	**2013**	**2012**
OPERATING ACTIVITIES		
Net loss for the period	(4,815)	(4,830)
Add (deduct) items not involving cash		
Depreciation and amortization	2,816	2,419
Deferred income taxes	1,597	(463)
Non-cash transaction costs	736	—
Change in fair value of liabilities (note 9)	(384)	5,198
Changes in non-cash working capital balances (note 11)	23,671	524
Cash provided by operating activities	**23,621**	**2,848**
INVESTING ACTIVITIES		
Change in restricted cash	2,000	—
Payments made on contingent consideration	(5,665)	—
Net cash acquired from reverse acquisition	126	—
Capital expenditures	(881)	(446)
Other intangible assets	(254)	—
Cash used in investing activities	**(4,674)**	**(446)**
FINANCING ACTIVITIES		
Net change in debt facilities	(26,546)	14,364
Issuance of common shares, net of costs	1,957	—
Cash provided by (used in) financing activities	**(24,589)**	**14,364**
Net increase (decrease) in cash and cash equivalents during the period	(5,642)	16,766
Net cash, beginning of period	5,623	14,661
Net cash, end of period	**(19)**	**31,427**
Net cash consists of:		
Cash and cash equivalents	10,489	42,442
Bank overdraft	(10,508)	(11,015)
	(19)	**31,427**

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) ("ABCA") 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 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 unaudited interim condensed consolidated financial statements of the Company for the three-month periods ended March 31, 2013 and 2012 were authorized for issue in accordance with a resolution of the directors on May 29, 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 unaudited interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in Pivot Acquisition's consolidated financial statements for the year ended December 31, 2012.

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 Pivot Acquisition's consolidated financial statements for the year ended December 31, 2012.

Certain amounts have been reclassified from audited 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 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 our nonwholly owned entities and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of our 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 unaudited 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 unaudited interim condensed consolidation 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 unaudited interim condensed consolidation 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 from 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 unaudited interim condensed consolidation 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 profit 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 had no impact on the Company's financial position or results from operations.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of the 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

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement,* and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

4. OTHER FINANCIAL LIABILITIES

	March 31, 2013	December 31, 2012
Current		
Secured borrowings	87,287	113,833
Contingent consideration	13,826	19,204
Convertible debentures	—	78,830
	101,113	211,867
Non-current		
Contingent consideration	18,702	23,928
	18,702	23,928
	119,815	235,795

Secured borrowings

On December 30, 2010, the Company entered into an accounts receivable purchase agreement ("ARPA") with Wells Fargo & Company ("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 $19,181 and $40,283 as at March 31, 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 conditions to continued borrowing. The Company was in compliance with these covenants at March 31, 2013 and December 31, 2012.

On February 4, 2011, the Company 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 $49,602 and $53,889 at March 31, 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 or the aggregate of 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 June 30, 2015. The balance owing to PNC is $18,504 and $19,661 March 31, 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 places restriction on investments, additional indebtedness, dividends and distributions, capital expenditures and leases. The Company was in compliance with these covenants at March 31, 2013 and December 31, 2012, respectively.

Contingent consideration

On December 30, 2010, the Company's wholly owned subsidiary acquired substantially all of the net assets of ACS. As part of the asset purchase agreement with the shareholders of ACS, contingent consideration has been agreed. This consideration is dependent on the profit before tax of the business acquired from ACS during the three consecutive 12-month periods ending December 31, 2013. At the date of acquisition, the fair value of the contingent liability was $33,291. As at March 31, 2013 and December 31, 2012, the fair value of the contingent liability is determined to be $21,818 and $31,741, respectively. The Company recorded a recovery of $5,298 related to the change in fair value of the contingent consideration for the three-month period ended March 31, 2013. 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 $4,665 and $0 were made during the three-month periods ended March 31, 2013 and 2012, respectively. The possible range of undiscounted values of the remaining consideration to be paid is between $11,995 and $31,995.

On January 4, 2011, a subsidiary of the Company acquired all of the issued and outstanding share capital of ProSys, a wholly owned subsidiary of Avnet, Inc. As part of the purchase agreement with the former shareholders of ProSys, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from ProSys 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 $4,000 and $3,838 as at March 31, 2013 and December 31, 2012, respectively. The Company recorded a charge of $162 related to the change in fair value of the contingent consideration during the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between $1,677 and $11,256.

On August 12, 2011, a subsidiary of the Company acquired substantially all of the assets and liabilities of ARC. As part of the asset purchase agreement with the shareholders of ARC, contingent

consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from ARC 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 $1,779 and $1,622 as at March 31, 2013 and December 31, 2012, respectively. The Company recorded a charge of $157 related to the change in fair value of the contingent consideration for the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between nil and $4,500.

On July 1, 2012, a subsidiary of the Company acquired substantially all of the net operating assets of Sigma. As part of the asset purchase agreement with the shareholders of Sigma, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from 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 $4,931 and $5,931 as at March 31, 2013 and December 31, 2012, respectively. Payments of $1,000 and $0 were made during the three-month periods ended March 31, 2013 and 2012, respectively. The possible range of undiscounted values of the remaining consideration to be paid is between $1,000 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 Shares") at a per share price 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 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.

5. 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 can be exercised for C$0.80 per share, and expire 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 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 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 of 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 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 service 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 is recognized in comprehensive loss as 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 included in the unaudited interim condensed consolidated statements of comprehensive 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 reverse takeover 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 shares of the Company to Pivot Acquisition shareholders. The warrants granted prior to RTO remain exercisable after the completion of the amalgamation, and as such, the fair value of the warrants at the date of amalgamation are also included as part of the consideration transferred (note 6).

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 cost charged to the comprehensive 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 takeover transaction cost	736
Total net identifiable assets and reverse takeover transaction cost	804

6. SHARE CAPITAL

As at March 31, 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 three month period ended March 31, 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 5)	—	—	—	—	1,000,000	—
Capital movement pursuant to reverse acquisition	—	(4,421,625)	(3,000,000)	(2,000,000)	(56,047,500)	65,469,125
Balance March 31, 2013	102,452,501	—	—	—	—	65,469,125

Note: Share amounts are not rounded

Series A preferred shares

The holders of Series A 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. No dividends were declared during the three-month period ended March 31, 2013. The holders of the Series A Shares will be permitted to require the Company to redeem the Series A Shares for cash at a per share price 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 Shares carry an optional conversion right, where each Series A Share can, at the option of the holders be converted into one common share of the Company. The Series A Shares also carry a mandatory conversion right, whereby at any time after June 30, 2013, the Company will be permitted to require the holders to convert the Series A Shares into common shares of the Company.

Loss per share

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 is in a loss position. The weighted average number of common shares issued and outstanding for the three-month period ended March 31, 2013 and 2012, was 57,424,926 and 51,525,275, 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, with management's assumptions.

Subsequent to issue, broker warrants are not re-valued. 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 5) were valued using the Black-Scholes option pricing model using the following fair value assumptions: dividend yield 0%, volatility 60%, expected life 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 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 shortened to March 25, 2014. As the options remains 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 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 remains 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 of 60% and expected life of 0.29 year.

7. INCOME TAXES

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

Three-month periods ended March 31,	**2013**	**2012**
Current tax expense	167	2,019
Deferred tax (benefit) expense	1,597	(463)
	1,764	1,556

8. INTEREST EXPENSE

Three-month periods ended March 31,	2013	2012
Debentures	1,151	1,302
Secured borrowings	1,410	1,120
	2,561	2,422

9. CHANGE IN FAIR VALUE OF LIABILITIES

Three-month periods ended March 31,	2013	2012
Convertible debentures	4,555	4,426
Contingent consideration	(4,939)	772
	(384)	5,198

10. TRANSACTION COSTS

Three-month periods ended March 31,	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

11. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

Three-month periods ended March 31,	2013	2012
Accounts receivable	58,521	(5,304)
Income taxes recoverable and payable	138	7,148
Inventories	1,202	(22,423)
Other assets	(7,209)	846
Accounts payable and accrued liabilities	(35,575)	21,337
Other liabilities	6,594	(1,080)
	23,671	524

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

Three-month periods ended March 31,	2013	2012
Interest paid	1,668	1,483
Income taxes paid	15	32

12. RELATED PARTY DISCLOSURES

In addition to the asset purchase agreement with ACS, a subsidiary of the Company has entered into an administrative services agreement, a license agreement and a distribution agreement with ACS commencing with the date of the asset purchase. The administrative services agreement commits the Company to performing certain administrative functions on behalf of ACS. Total amount collected from ACS for these shared administrative services for three-month periods ended March 31, 2013 and 2012, amounted to $395. The license agreement permits 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 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 ACS to its third-party customers, and thus the Company is the principal and 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 $6,982 and $57,499 for three-month periods ended March 31, 2013 and 2012, respectively. The Company's effective cost to the agent in respect of these revenues was approximately $109 and $1,519 for three-month periods ended March 31, 2013 and 2012, respectively, which is included in the Company's cost of sales.

The Company has a similar contractual arrangement with ARC, whereby ARC is an agent of the Company. Total gross sales through the agent are approximately $8,896 and $8,086 for three-month periods ended March 31, 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 $447 and $348 for three-month periods ended March 31, 2013 and 2012, respectively.

A subsidiary of the Company incurred $240 and $350 for three-month periods ended March 31, 2013 and 2012, respectively, for marketing services provided by related entities controlled by that subsidiary's chief executive officer and $3 and $12 in expenses for the use of aircraft owned by a related entity controlled by that subsidiary's chief executive officer for three-month periods ended March 31, 2013 and 2012, respectively.

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

Three-month periods ended March 31,	**2013**	**2012**
Compensation	1,397	1,130
Short-term employee benefits	—	2
	1,397	1,132