



Interim condensed consolidated financial statements
Quarters ended June 30, 2011 and 2010

(unaudited and not reviewed by independent auditors)

Interim condensed consolidated statements of financial position
As at June 30, 2011, as at March 31, 2011 and as at April 1, 2010

(in thousands of Canadian dollars) (unaudited)	June 30, 2011 \$	March 31, 2011 \$	April 1, 2010 \$
Assets			
Current assets			
Cash and cash equivalents	29,729	30,026	34,360
Cash held for the benefit of third parties	2,459	2,995	4,026
Accounts receivable	6,304	5,136	4,479
Income taxes receivable	437	-	-
Tax credits receivable	3,189	3,060	1,363
Prepaid expenses	631	820	712
Derivative financial instruments	726	866	574
	43,475	42,903	45,514
Non-current assets			
Fixed assets	2,904	3,099	1,423
Intangible assets	575	594	894
Acquired intangible assets	4,875	5,311	2,675
Goodwill	27,591	27,591	25,991
Deferred taxes	7,227	7,365	5,510
	86,647	86,863	82,007
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,522	5,524	4,231
Other accounts payable	3,082	3,510	5,465
Income taxes payable	-	472	390
Deferred revenue	10,501	9,976	8,717
Current portion of long-term debt	117	124	-
Current portion of deferred lease inducement	119	119	-
	18,341	19,725	18,803
Non-current liabilities			
Long-term debt	137	163	-
Deferred lease inducement	1,072	1,102	-
Deferred taxes	1,993	1,937	805
	21,543	22,927	19,608
Shareholders' equity			
Share capital	47,555	47,236	47,809
Reserves	4,076	4,247	4,181
Retained earnings	13,473	12,453	10,409
	65,104	63,936	62,399
	86,647	86,863	82,007

Refer to the notes to the consolidated financial statements.

**Interim condensed consolidated statements of changes in shareholders' equity
 For the quarters ended June 30, 2011 and 2010**
Three months ended June 30, 2011

(in thousands of Canadian dollars) (unaudited)	Reserves				Total	Retained earnings	Total
	Share capital	Equity-settled employee benefits reserve	Discount on share buy-back	Cash flow hedging reserve			
	\$	\$	\$	\$	\$	\$	\$
Balance as at March 31, 2011	47,236	3,637	-	610	4,247	12,453	63,936
Net earnings for the period					-	2,158	2,158
Other comprehensive income for the period, net of income tax				(98)	(98)		(98)
Comprehensive income for the period	-	-	-	(98)	(98)	2,158	2,060
Buy-back of ordinary shares for cancellation	(18)				-	(42)	(60)
Dividends declared on ordinary shares					-	(1,096)	(1,096)
Stock-based compensation expense		5			5		5
Issue of ordinary shares under the stock option plan	337	(78)			(78)		259
Balance as at June 30, 2011	47,555	3,564	-	512	4,076	13,473	65,104

Three months ended June 30, 2010

(in thousands of Canadian dollars) (unaudited)	Reserves				Total	Retained earnings	Total
	Share capital	Equity-settled employee benefits reserve	Discount on share buy-back	Cash flow hedging reserve			
	\$	\$	\$	\$	\$	\$	\$
Balance as at April 1, 2010	47,809	3,644	139	398	4,181	10,409	62,399
Net earnings for the period						2,271	2,271
Other comprehensive income for the period, net of income tax				(551)	(551)		(551)
Comprehensive income for the period	-	-	-	(551)	(551)	2,271	1,720
Stock-based compensation expense		32			32		32
Issue of ordinary shares under the stock option plan	150	(32)			(32)		118
Balance as at June 30, 2010	47,959	3,644	139	(153)	3,630	12,680	64,269

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of income
For the quarters ended June 30, 2011 and 2010

(in thousands of Canadian dollars) (unaudited)	Three months ended June 30	
	2011 \$	2010 \$
Revenues	12,637	11,245
Cost of revenues	2,649	2,593
Gross margin	9,988	8,652
Operating expenses		
General and administrative	2,210	1,682
Selling and marketing	2,417	2,144
Technology	2,136	1,845
	6,763	5,671
Operating profit	3,225	2,981
Other revenues (expenses), net (Note 10 b))	(102)	310
Earnings before income taxes	3,123	3,291
Income tax expense (recovery)	965	1,020
Net earnings for the period	2,158	2,271
Earnings per share		
Basic	0.16	0.16
Diluted	0.16	0.16
Weighted average number of shares outstanding		
Basic	13,682,201	13,899,300
Diluted	13,725,138	13,921,222
Number of shares outstanding at end of period	13,704,275	13,915,744

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of comprehensive income
For the quarters ended June 30, 2011 and 2010

(in thousands of Canadian dollars) (unaudited)	Three months ended June 30	
	2011 \$	2010 \$
Net earnings for the period	2,158	2,271
Reclassification of realized gains or losses on foreign currency forward contracts, net of deferred taxes of \$60 (\$42 in 2011)	(144)	(96)
Change in unrealized gains (losses) on foreign currency forward contracts, net of deferred taxes of \$19 (\$201 in 2011)	46	(455)
	(98)	(551)
Comprehensive income for the period	2,060	1,720

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of cash flows
For the quarters ended June 30, 2011 and 2010

	Three months ended June 30	
(in thousands of Canadian dollars) (unaudited)	2011 \$	2010 \$
CASH FLOWS RELATED TO		
Operating activities		
Net earnings for the period	2,158	2,271
Adjustments for		
Depreciation of fixed assets	265	295
Amortization of intangible assets	91	184
Amortization of acquired intangible assets	436	172
Amortization of deferred lease inducement	(30)	-
Foreign exchange	47	-
Stock-based compensation	5	32
Deferred taxes	236	309
Loss (gain) on disposal of fixed assets	(2)	-
Income tax expense recognized in profit or loss	729	711
Change in non-cash working capital items (Note 10 a))	(2,151)	(2,859)
Income taxes paid	(1,638)	(755)
	146	360
Investing activities		
Acquisition of fixed assets	(70)	(51)
Acquisition of intangible assets	(72)	-
Proceeds on disposal of fixed assets	2	4
	(140)	(47)
Financing activities		
Repayment of long-term debt	(33)	-
Buy-back of share capital for cancellation	(60)	-
Issue of share capital	259	118
Cash dividends paid on ordinary shares	(958)	-
	(792)	118
Net change in cash and cash equivalents for the period	(786)	431
Effect of exchange rate changes on cash and cash equivalents	(47)	-
Cash and cash equivalents at the beginning of the period	33,021	38,386
Cash and cash equivalents at the end of the period	32,188	38,817
Cash and cash equivalents include the following items in the statement of financial position:		
Cash and cash equivalents	29,729	35,589
Cash held for the benefit of third parties	2,459	3,228

Refer to the notes to the consolidated financial statements.

1 Incorporation and nature of operations

Technologies Interactives Mediagrif Inc. / Mediagrif Interactive Technologies Inc. (the Company) conducts business through its wholly-owned subsidiaries and owns interests in two joint ventures. The Company and its subsidiaries and joint ventures (the Group) delivers innovative e-commerce solutions to businesses. Its web platforms enable clients to find, purchase and sell products, exchange information, gain access to business opportunities and manage supply chain collaboration with greater speed and efficiency.

The Company, incorporated on February 16, 1996 under the Canada Business Corporations Act, is listed on the Toronto Stock Exchange. Its head office is located at 1111 St-Charles West, Suite 255, Longueuil, Quebec, Canada, J4K 5G4.

The publication of the interim condensed consolidated unaudited financial statements was authorized by the Board of Directors on September 7, 2011.

Amounts are expressed in thousands of Canadian dollars, unless indicated otherwise.

2 Significant accounting policies

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (IAS 34), through the application of accounting principles that are compliant with International Financial Reporting Standards (IFRS).

These financial statements serve as the Company's first interim financial report prepared under IAS 34 for part of the period to be covered by its first annual consolidated IFRS financial statements, which will be prepared as at March 31, 2012. The Company has therefore applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1), in preparing them. In this context, the Company decided not to use the minimum requirements in order to present the Company's accounting principles in accordance with IFRS, and the additional information required under IFRS, which also highlight changes made when compared to the Company's annual consolidated financial statements as at March 31, 2011 prepared in accordance with Canadian generally accepted accounting principles (GAAP). For fiscal years 2012 and thereafter, the Company may not present as much information in the interim condensed consolidated financial statements prepared under IFRS, as the reader will be able to refer to the annual consolidated financial statements that will have been prepared in accordance with IFRS.

The Company has selected accounting principles that will enable it to comply with the IFRS that will be in effect as of March 31, 2012, i.e., the closing date of the first year for which the Company's annual consolidated financial statements will be prepared under IFRS. Since IFRS are currently evolving, the accounting principles described in this report may be subject to change when determining the principles that will be used to prepare the Company's first annual IFRS consolidated financial statements as at March 31, 2012.

The Company's consolidated financial statements had previously been prepared in accordance with Canadian GAAP. Note 11 explains how the transition from Canadian GAAP to IFRS has impacted the Group's interim condensed consolidated financial statements.

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

Scope and basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. Interests in joint ventures are proportionately consolidated based on the Company's ownership interest.

Subsidiaries

All of the subsidiaries are wholly owned by the Company, directly or indirectly.

These consolidated financial statements include the financial statements of the Company and the financial statements of the entities it controls (its subsidiaries).

Entities are included in the scope of consolidation from the date the Company acquires control and until that control ceases. The total comprehensive income of subsidiaries is attributed to the Company's owners.

When necessary, the financial statements of subsidiaries are adjusted to harmonize their accounting policies with those used by other members of the Group.

All intra-group transactions, balances, revenues and expenses are fully eliminated upon consolidation.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e., when the strategic financial and operating decisions about the joint venture's activities require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the creation of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group accounts for its interests in jointly controlled entities using proportionate consolidation, except when the interest is classified as held for sale, in which case it is accounted for using IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, revenues and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill that comes from the Group's acquisition of an interest in a jointly controlled entity is recognized using the accounting policy that the Group uses to recognize goodwill from a business combination.

When a Group entity transacts with a jointly controlled entity, profits and losses resulting from the transactions are recognized in the Group's consolidated financial statements only in proportion to the interests in the jointly controlled entity that are not related to the Group.

Notes to the interim condensed consolidated financial statements
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Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. The functional currency of all of the Group's entities is also the Canadian dollar.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

Monetary items are translated at the rate in effect on the reporting date and non-monetary items (and the related amortization) are translated at their historical rate, whereas revenues and expenses are translated at the average exchange rate during the year. Exchange gains and losses are included in Other revenues (expenses).

Financial instruments

Classification and measurement

The Group classifies financial instruments into categories based on their nature and characteristics. Management determines where to classify financial instruments when they are initially recognized, which is usually the transaction date.

The Group has made the following classifications:

- Cash and cash equivalents, cash held for the benefit of third parties, and accounts receivable are classified as loans and receivables and are measured at amortized cost.
- Derivative financial instruments that are not designated in hedge relationships are classified as assets and liabilities at fair value through the income statement and are measured at fair value. Gains and losses from the periodic revaluation are recognized in profit or loss.
- Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost.

Derivative financial instruments and hedge accounting

A portion of the Group's revenues and operating expenses is denominated in U.S. dollars. The Company uses foreign currency forward contracts with maximum maturities of 18 months to eliminate or reduce the risks of exchange rate fluctuations that have an impact on a portion of these revenues. Management is responsible for setting acceptable levels of risk and does not use derivative financial instruments for speculative purposes.

The fair value of instruments that qualify for cash flow hedging is reported on the statement of financial position. The change in fair value related to the effective portion of the hedge of derivative financial instruments denominated in U.S. dollars used as a cash flow hedge of anticipated revenues denominated in U.S. dollars, is recognized in other comprehensive income and recognized in profit or loss when the hedged item affects profit or loss. The effectiveness of the hedging relationships is assessed both at inception and on an ongoing basis.

When a hedging relationship ceases to be effective, the corresponding gains and losses presented in accumulated other comprehensive income are recognized in profit or loss for the period during which the underlying hedged transaction was recognized. If a hedged item is sold, extinguished or matures before the end of the related derivative instrument, the corresponding gains or losses presented in accumulated comprehensive income are recognized in the profit or loss of the current period.

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Hierarchy of fair values of financial instruments

Financial instruments recognized at fair value are classified using a hierarchy that reflects the significance of the inputs used to measure the fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified in the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

An entity's own credit risk and the credit risk of the counterparty were factored into the fair value determination of the financial assets and financial liabilities, including derivative instruments. All financial instruments measured at fair value in the consolidated statements of financial position were classified according to a three-level hierarchy:

- Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: valuation based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for the instrument being valued; and inputs that are derived mainly from or corroborated by observable market data using correlation or other forms of relationship;
- Level 3: valuation techniques based significantly on inputs that are not observable in the market.

Cash and cash equivalents

Cash and cash equivalents include bank balances totalling \$14,084,469 as at June 30, 2011 (\$17,921,413 as at March 31, 2011 and \$14,320,312 as at April 1, 2010) and liquid investments of \$15,644,851 as at June 30, 2011 (\$12,104,516 as at March 31, 2011 and \$20,039,381 as at April 1, 2010) that are readily convertible in the short-term into a known amount of cash and for which the risk of a change in value is negligible.

The interest income generated by cash equivalents is presented in Other revenues (expenses) in the consolidated statements of income.

Cash held for the benefit of third parties

The Group's services include administering a rebate program and running a used equipment trade-in program for certain customers. As part of these services, the Group frequently receives cash from customers (in the case of the rebate program) and from used equipment resellers. This cash, minus related commissions earned by the Company, must be remitted to the counterparties of these transactions.

Amount received up to the reporting date but not remitted to the third parties is presented on the statement of financial position as cash held for the benefit of third parties.

The Group also offers an escrow service. As part of this service, the Group is appointed as an escrow agent to receive, hold, and transfer funds. The Group receives cash that is released, minus any related fees, costs or expenses, once the transaction between seller and buyer is finalized. The cash received is also presented on the statement of financial position as Cash held for the benefit of third parties.

The offsetting entry is presented on the statement of financial position as Other accounts payable.

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Revenue recognition

Revenues are generated from membership, transaction and disposal fees and from integration, maintenance and hosting services. From time to time, the Group earns revenue on software development and licence sales. In all cases, revenues are measured at the fair value of the consideration received or receivable. Revenues are recognized only when there is persuasive evidence that an arrangement exists, when delivery has occurred or the service has been rendered, when the price is fixed or determinable, and collection of the receivable is reasonably assured. Revenues from an agreement to render services are recognized based on the stage of completion of the contract. Where applicable, rebates and similar deductions are deducted from revenues.

In addition to these general policies, the following specific revenue recognition policies are applied to the Group's major revenue categories:

- Membership fees are recognized ratably over the period of the agreement;
- Initial up-front fees, which do not have stand-alone value to the members are deferred and amortized on a straight-line basis over the shorter of the estimated useful life of the technology underlying the network and the estimated remaining life of the relationship with the corresponding membership group;
- Revenue from disposal fees, which is the commission the Group earns when used equipment is sold through the Group's website, is recognized when the used equipment is accepted by the reseller. Disposal revenue is accounted for on a net basis as the Group acts as an agent between the entity selling and the entity buying the used equipment;
- Transactions fees are recognized when the transactions occur;
- Revenues from integration, maintenance and hosting services are recognized ratably over the period of the agreement;
- Revenues from licence sales are recognized when the transaction occurs.

Fixed assets

Fixed assets are recognized at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the following methods and useful lives:

	Method	Useful life
Office furniture	Straight-line	5 years
Computer and other equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the impact of any change in estimate is accounted for on a prospective basis.

Items of fixed assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on the disposal or retirement of an item of fixed assets is the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in Other revenues (expenses).

Impairment of long-lived assets, excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its fixed assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least once a year and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. To measure value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount to extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognized in profit or loss.

Intangible assets

Intangible assets comprise software and acquired intangible assets.

Software

Some software is purchased to meet the Group's technology needs and is recognized at cost less accumulated amortization and accumulated impairment losses. Software also includes costs to produce internally-developed software and websites, including the portion of capitalized personnel costs of the Company's development group; these costs include all of the expenses incurred starting from the date when all the capitalization criteria is met. Where no internally-generated intangible asset can be recognized, development expenses are recognized in profit or loss in the period they are incurred. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization, tax credits and accumulated impairment losses. These costs are amortized on a straight-line basis over estimated useful lives ranging from three to five years.

Notes to the interim condensed consolidated financial statements For the quarters ended June 30, 2011 and 2010

Acquired intangible assets

Acquired intangible assets consist of the client bases, technologies, trademarks, databases and non-compete agreements that are acquired during a business acquisition. They are recorded at cost (i.e., the acquisition date fair value) less amortization and accumulated impairment losses. Acquired intangible assets are amortized on a straight line-basis over their estimated useful lives, which are as follows:

Category	Useful life
Client base	5 to 10 years
Technology	5 years
Trademarks	10 years
Databases	5 years
Non-compete agreements	1 year

The estimated useful lives and amortization method of intangible assets are reviewed at the end of each reporting period, and the impact of any change in estimate is accounted for on a prospective basis.

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount, are recognized in profit or loss when the asset is derecognized.

Technology

Technology expense consists of payroll and other related expenses incurred for research and development as well as the amortization expense on certain assets needed to perform research and development work. Technology expenses are expensed as incurred, except for certain internally-developed software and website costs (in particular upgrades and enhancements to the Group's websites), which are capitalized and amortized over a period ranging from three to five years. Amortization of internally-developed software and websites is included in technology expenses.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2, *Share-based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after remeasurement, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess amount is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising from a business combination is recognized at cost as established at the date of acquisition of the business (see Business combinations) less accumulated impairment losses, if any.

For impairment testing purposes, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company has selected March 31 as the date for performing its annual impairment test for goodwill.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee of an operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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When lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Deferred lease inducement

Deferred lease inducements refer to the reimbursement of leasehold improvement expenses and free rent assumed by the landlord under leases for commercial premises. These inducements are amortized on a straight-line basis over the terms of the leases falling due in April 2016 and in October 2020. Amortization is recorded as a reduction of the rent expense in the statement of income.

The Group as a lessee of a finance lease

Assets held under finance leases are initially recognized as Group assets at fair value starting from the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized directly in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

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Income taxes

Income tax expense is the sum of current tax payable and deferred tax.

Current tax

Current tax payable is based on taxable income for the year. Taxable income and income reported in the consolidated statement of income differ due to revenue or expense items that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect in the year in which the differences are expected to reverse. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The carrying amount of deferred tax assets is reviewed at the end of each financial reporting period and is reduced when it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets and liabilities and if they relate to income taxes levied by the same tax authority and if the entity intends to settle current tax assets and liabilities on a net basis simultaneously.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that have been recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized, respectively, in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax credits

Tax credits, including research and development tax credits are not recognized until there is reasonable assurance that the Group will meet the eligibility criteria of the credits and that they will be received. Tax credits are recognized as a deduction to the related expenses in the year they are incurred.

Employee benefits

Salaries, employee benefits, paid leave, sick leave and bonuses are short-term benefits that are recognized in the period in which the Group's employees have rendered the related services.

Share-based payment arrangements of the Company

The Group has an employee stock-based compensation plan (described in Note 7) that is settled in equity instruments. These payments are measured at the fair value of the awards at the grant date. For stock options, each tranche of an award is considered as a separate grant.

For equity-settled employee benefits, the fair value of the options granted is recorded over the vesting periods of the options using the straight-line method and based on the Company's estimate of the equity instruments for which the rights will eventually be vested. This translates into an expense recorded under Stock-based compensation with a corresponding increase in equity in the Equity-settled employee benefits reserve.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, and a corresponding adjustment is made to the equity-settled employee benefits reserve.

3 Management's estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Management reviews its estimates regularly, and revisions to accounting estimates are recognized in the period in which the estimate is revised—if the revision affects only that period—or in the period of the revision and future periods if the revision affects both the period being reviewed and future periods. Actual results may differ from these estimates.

Estimates

The following items require the greatest use of management estimates: amortization methods; useful lives of assets; impairments of assets, including goodwill, intangible assets and acquired intangible assets; purchase price allocations; stock-based compensation; collection of accounts receivable; measurements of provisions; determining the stage of completion of certain revenue agreements; fair values of financial instruments; measurements of deferred income tax assets and liabilities, tax credits and income tax expense.

Judgments

The critical accounting policy judgments that have the greatest impact on amounts reported in the consolidated financial statements include the following : identifying identifiable assets when allocating the purchase price during a business combination, the allocation of goodwill to cash-generating units, identifying indications of impairment of long-lived assets and goodwill, determining units of accounting as well as the measurement and allocation of considerations expected by multiple element revenue arrangements, and determining the expenses incurred internally with respect to technology relating to the development of software and websites that may be capitalized.

4 New and revised IFRS, issued but not yet effective

Standard/Interpretation	Effective date for the Group	Presentation and impact on the Group
IFRS 9 <i>Financial instruments</i>	Annual period beginning on April 1, 2013 (*)	This is the first of the three phases of IFRS 9, <i>Financial Instruments</i> , which will replace IAS 39 <i>Financial Instruments – Recognition and Measurement</i> . This first phase addresses the classification and measurement of financial assets. The Group has not yet examined the impacts of this first phase.
IFRS 10 <i>Consolidated Financial Statements</i>	Annual period beginning on April 1, 2013 (**)	IFRS 10 replaces the current version of IAS 27, <i>Consolidated and Separate Financial Statements</i> , and SIC 12, <i>Consolidation – Special Purpose Entities</i> . IFRS 10 introduces a unique consolidation model for all entities that is based on the notion of control, regardless of the nature of the entity. The Group's detailed analysis of the new standards and the amended consolidation standards and their impacts on the Group are forthcoming.
Amendment to IAS 27 <i>Consolidated Financial Statements</i>	Annual period beginning on April 1, 2013 (**)	The rules related to separate financial statements are unchanged and are part of the amended version of IAS 27. Other sections of IAS 27 have been replaced by IFRS 10.
IFRS 11 <i>Joint Arrangements</i>	Annual period beginning on April 1, 2013 (**)	IFRS 11 supersedes IAS 31 <i>Interests in Joint Ventures</i> and SIC 13 <i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i> . It introduces new requirements for joint arrangements. The option to apply proportionate consolidation to companies under joint control (which allows the parent company to record its share in the entity under joint control in its consolidated statement of financial position and income statement) has been removed. The impacts of this standard will be significant because of the elimination of this proportionate consolidation method.
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Annual period beginning on April 1, 2013 (**)	IFRS 12 sets out all of the disclosures for interests in subsidiaries, joint agreements, associates, and structured entities.
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Annual period beginning on April 1, 2013 (**)	IAS 28 is now entitled <i>Investments in Associates and Joint Ventures</i> . IAS 28 was amended to be consistent with the changes made following the release of IFRS 10, IFRS 11 and IFRS 12.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Standard/Interpretation	Effective date for the Group	Presentation and impact on the Group
Amendment to IAS 1 <i>Presentation of Financial Statements</i>	Annual period beginning on April 1, 2013 (*)	The amendments require that the items of other comprehensive income that may subsequently be reclassified be grouped together in the net profit or loss section of the statement of income.
Amendment to IAS 19 <i>Employee Benefits</i>	Annual period beginning on April 1, 2013 (*)	The amendments focus primarily on defined benefit plans (no impact for the Group as it does not have this type of plan), on the definition of short-term benefits (the impact of which broadens the definition of other long-term benefits) and on severance payments. The Group has not yet examined the impacts of these amendments.

(*) Early adoption permitted.

(**) Early adoption permitted provided that IFRS 10, IFRS 11, IFRS 12, and amended standards IAS 27 and IAS 28 are all adopted on the same date.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

5 Segment information

The Group has only one reportable segment.

Geographical information is as follows:

	Three months ended		
	June 30		
(in thousands of Canadian dollars)	2011	2010	
	\$	\$	
Revenues			
Canada	5,315	4,804	
United States	5,581	4,762	
Europe	456	520	
Asia and other	1,285	1,159	
	12,637	11,245	

	June 30	March 31	April 1
	2011	2011	2010
(in thousands of Canadian dollars)	\$	\$	\$
Non-current assets			
Canada	9,612	10,044	3,851
United States	26,311	26,524	27,084
Asia and other	22	27	48
	35,945	36,595	30,983

It should be noted that the Company's acquisition of all the shares of InterTrade Systems Inc. ("InterTrade"), completed on December 22, 2010 (i.e. during the third quarter of 2011) had no impact on the identification of operating segments but explains part of the change in revenues between the first quarter ended June 30, 2011, and the quarter ended June 30, 2010. More information on this acquisition can be found in the financial statements as at March 31, 2011.

Revenues are attributed to geographic areas based on the location of the customers.

Non-current assets include fixed assets, intangible assets, acquired intangible assets and goodwill.

When compared with the last annual financial statements, there are no differences in the basis of segmentation or in the basis of measuring segment results.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

6 Share capital

- a) Authorized, unlimited number
Ordinary shares
Preferred shares, issuable in series with terms, conditions and dividends to be determined by the Board of Directors upon issuance

- b) The following table summarizes ordinary share transactions for the three-month periods ended June 30:

(in thousands)	2011		2010	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance at beginning of period	13,681	47,236	13,896	47,809
Buy-back for cancellation (Note 6 b) i))	(5)	(18)	-	-
Exercise of stock options (Note 6 b) ii))	28	337	20	150
Balance at the end of the period	13,704	47,555	13,916	47,959

- i) During the three-month period ended June 30, 2011, the Company bought back 5,279 of its ordinary shares for a cash consideration of \$60,479 in connection with its normal course issuer bid. An average issue price of \$3.46 per share before buyback was recorded as a deduction from Share capital in a total amount of \$18,241, with the balance charged to Retained earnings. During the three-month period ended June 30, 2010, the Company did not buy back any ordinary shares for cancellation.
- ii) During the three-month period ended June 30, 2011, stock options were exercised in order to acquire 28,000 ordinary shares (20,000 in 2011) for a cash consideration of \$258,920 (\$117,800 in 2011), i.e., \$9.25 per share (\$5.89 in 2011). In addition, an amount of \$78,475 was credited to Share capital, representing the Stock-based compensation initially recognized in the Equity-settled employee benefits reserve in regards to the options exercised (\$31,974 in 2011).

- c) Dividends paid

On February 8, 2011, the Company announced the payment of a cash dividend in an amount of \$0.07 per share, payable on April 15, 2011 to shareholders of record at the close of business on April 1, 2011.

No dividends were paid during the three-month period ended June 30, 2010.

7 Stock-based compensation

The Group has two stock-based compensation plans.

a) Share purchase plan

The Group established a share purchase plan for regular full-time and part-time employees who are Canadian residents. Directors are not eligible to participate in this plan. Under the terms of the plan, employees may elect to contribute, through payroll deductions, up to 5% of their annual income up to a maximum of \$5,000 annually to purchase ordinary shares of the Group on the open market. Under the plan, the Group matches employee contributions to the plan up to a maximum contribution of \$1,100 per employee for the year ended March 31, 2012 (\$1,000 in 2011). Employees must hold the portion of shares purchased with the Company's contribution for a period of 12 months. The purchase price of shares under the plan has to be equal to the market price of the Company's ordinary shares on the purchase date.

b) Stock option plan

The Group maintains a stock option plan. Under this plan, the maximum number of shares that may be issued pursuant to the exercise of options is 3,375,351, and the maximum number of shares that may be issued in the aggregate to any single individual may not exceed 5% of the number of ordinary shares issued and outstanding at the grant date. The exercise price of options granted under the plan, as determined by the Board of Directors, may not be less than the market price of the Company's ordinary shares at the grant date, the market price being the closing price per share on the Toronto Stock Exchange on the last trading day immediately preceding the grant date.

From June 2006 to March 2007, granted options vested over a period of three years in tranches of 30%, 30% and 40% becoming exercisable after 12, 24 and 36 months, respectively, following the grant date, except for options granted to executives, which vested 12 months following the grant date. Since March 2007, new options granted vest over a three-year period and are exercisable 36 months following the grant date, except for options granted to executives, which vested 12 months after the grant date. The vesting period is determined by the Board of Directors. Options granted under this plan expire no later than five years after the grant date.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

The following table summarizes stock option activity under this plan during the three-month periods ended June 30:

Stock option activity	2011		2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of period	157,500	8.44	594,900	8.92
Granted	-	-	-	-
Exercised	(28,000)	9.25	(20,000)	5.89
Waived	-	-	(220,000)	8.64
Expired	-	-	-	-
Balance at end of period	129,500	8.26	354,900	9.26

The following stock options granted under the employee stock option plan were exercised during the three-month periods ended June 30:

Exercised options	2011		2010			
	Number of options exercised	Exercise date	Share price at exercise date \$	Number of options exercised	Exercise date	Share price at exercise date \$
Series of options						
Issued on April 16, 2008	3,000	June 15, 2011	11.60	20,000	June 15, 2010	8.34
Issued on June 1, 2006	25,000	June 29, 2011	11.48			
	28,000		11.49	20,000		8.34

The following table summarizes information about stock options outstanding as at June 30, 2011:

Outstanding, exercisable options				
Exercise price \$	Number of options	Weighted average remaining life (years)	Weighted average exercise price \$	
5.89	44,500	1.79	5.89	
9.50	85,000	0.93	9.50	
	129,500	1.23	8.26	

No stock options were granted during the periods ended June 30, 2011 and 2010.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

8 Earnings per share

The following table shows the weighted average number of shares outstanding used in calculating the basic and diluted earnings per share information for the three-month periods ended June 30:

(In thousands)	2011	2010
Weighted average number of shares outstanding		
Basic	13,682	13,899
Dilutive effect of stock options	43	22
Diluted	13,725	13,921

As at June 30, 2010, options to purchase 292,400 shares at a weighted average price of \$9.98 per share were outstanding; however, these options were not included in the diluted earnings per share calculation because the exercise price was greater than the average price of the shares.

The stock options have no effect on the numerator used to calculate basic earnings per share and diluted earnings per share.

9 Nature of expenses

Operating profit includes the following items:

	Three months ended June 30	
(in thousands of Canadian dollars)	2011 \$	2010 \$
Depreciation and amortization		
Fixed assets	265	295
Intangible assets	91	184
Acquired intangible assets	436	172
Total	792	651
Employee benefits expense		
Salaries and employee benefits	6,009	5,342
Stock-based compensation	5	32
Termination benefits	83	5
Total	6,097	5,379

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

10 Change in non-cash working capital items and other revenues (expenses)

- a) Changes in non-cash working capital items are as follows:

	Three months ended June 30	
	2011	2010
(in thousands of Canadian dollars)	\$	\$
Decrease (increase) in		
Accounts receivable	(1,168)	(1,247)
Tax credits receivable	(129)	(326)
Prepaid expenses	189	84
Increase (decrease) in		
Accounts payable and accrued liabilities	(1,140)	(790)
Other accounts payable	(428)	(1,498)
Deferred revenue	525	918
	(2,151)	(2,859)

As at June 30, 2011, declared dividends totaling \$1,096,390 are included in accounts payables and accrued liabilities (nil in 2011).

- b) Other revenues (expenses) consist of the following:

	Three months ended June 30	
	2011	2010
(in thousands of Canadian dollars)	\$	\$
Interest income	56	43
Exchange gain (loss)	(159)	309
Other revenues (expenses)	1	(42)
	(102)	310

11 Conversion to International Financial Reporting Standards (IFRS)

The Company's first consolidated financial statements issued in accordance with IFRS will be the annual consolidated financial statements prepared as at March 31, 2012 in accordance with IFRS in effect on that date. These financial statements will present comparative figures for the year ended March 31, 2011 and the opening statement of financial position as at April 1, 2010 (the "transition date") restated in accordance with these IFRS. The impacts of the transition will be recorded in opening shareholders' equity.

These financial statements as at June 30, 2011 are interim condensed consolidated financial statements that have been prepared in accordance with the accounting policies described in Note 2 and by applying IFRS 1, as described below.

The opening statement of financial position prepared in accordance with these principles and presented in this document may be modified in other interim financial statements during the year and in the annual financial statements if IFRS were to change in subsequent periods. Should this occur, the Company will explain any changes in the note on conversion.

IFRS 1: Exemptions and exceptions

When preparing these first interim condensed consolidated financial statements in accordance with IFRS 1, the Company retrospectively applied IFRS except when it decided to use an optional exemption or when this was required under IFRS 1.

The Company has applied the following exemptions:

- Business combinations: the Company has decided not to retrospectively apply IFRS 3, *Business Combinations*, to business combinations that occurred before the transition date, i.e., April 1, 2010. Application of this exemption had no impact on the goodwill recognized on business combinations that occurred before the transition date.
- Share-based payment transactions: the Company has applied IFRS 2, *Share-based Payment*, only to equity instruments that were granted after November 7, 2002 and whose rights had not yet vested on the date of transition to IFRS.
- Cumulative translation differences: the Company reduced cumulative translation differences to zero for all its foreign operations on the transition date by crediting opening retained earnings. Consequently the gain or loss on a subsequent disposal of any foreign operation will exclude translation differences that arose before the date of transition to IFRS and will include later translation differences.

Reconciliations between Canadian GAAP and IFRS

The following tables present the impact of this conversion on the Company's financial position, financial performance and cash flows.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Reconciliation of the opening statement of financial position as at April 1, 2010

(in thousands of Canadian dollars)	As at April 1 2010	Adjust- ments	Reclassifi- cations	As at April 1 2010	In IFRS
In Canadian GAAP	\$	\$	\$	\$	
Assets					Assets
Current assets					Current assets
Cash and cash equivalents	34,360			34,360	Cash and cash equivalents
Cash held for the benefit of others	4,026			4,026	Cash held for the benefit of third parties
Accounts receivable	4,479			4,479	Accounts receivable
Tax credits receivable	1,363			1,363	Tax credits receivable
Prepaid expenses	712			712	Prepaid expenses
Derivative financial instruments	574			574	Derivative financial instruments
	45,514	-	-	45,514	
Non-current assets					Non-current assets
Fixed assets	1,423			1,423	Fixed assets
Intangible assets	894			894	Intangible assets
Acquired intangible assets	2,675			2,675	Acquired intangible assets
Goodwill	25,991			25,991	Goodwill
Future income taxes	5,685	(175)	b	5,510	Deferred taxes
	82,182	(175)	-	82,007	
Liabilities					Liabilities
Current liabilities					Current liabilities
Accounts payable and accrued liabilities	9,696		(5,465)	4,231	Accounts payable and accrued liabilities
Income taxes payable	390		5,465	5,465	Other accounts payable
Deferred revenues	8,717			8,717	Income taxes payable
Future income taxes	606		(606)	-	Deferred revenues
	19,409	-	(606)	18,803	
Non-current liabilities					Non-current liabilities
Future income taxes	129	70	b	805	Deferred taxes
	19,538	70	-	19,608	
Shareholders' equity					Shareholders' equity
Capital stock	47,809			47,809	Share capital
Share purchase options	1,688	(396)	a	-	
Contributed surplus	2,491		(1,292)	1,690	Reserves
Retained earnings	10,602	(193)	a,b,c	10,409	Retained earnings
Accumulated other comprehensive income	54	344	c	-	
	62,644	(245)	-	62,399	
	82,182	(175)	-	82,007	

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Reconciliation of the statement of income for the quarter ended June 30, 2010

(in thousands of Canadian dollars)	June 30 2011 \$	Adjust- ments \$	Reclassifi- cations \$	June 30 2011 \$	In IFRS
In Canadian GAAP					
Revenues	11,245			11,245	Revenues
Cost of revenues	2,592	1 d	-	2,593	Cost of revenues
Gross margin	8,653	(1)	-	8,652	Gross margin
Operating expenses					Operating expenses
General and administrative	1,646	4 d	32 h	1,682	General and administrative
Sales and marketing	1,955	4 d	185 h,i	2,144	Selling and marketing
Technology	1,792	17 d	36 h	1,845	Technology
Amortization of acquired intangible assets	172		(172) h	-	
Stock-based compensation	(360)	392 a	(32) h	-	
	5,205	417	49	5,671	
Earnings from operations	3,448	(418)	(49)	2,981	Operating profit
Other revenues (expenses), net	261		49 h	310	Other revenues (expenses), net
Earnings before income taxes	3,709	(418)	-	3,291	Earnings before income taxes
Provision for income taxes	1,068	(48) b		1,020	Income tax expense
Net earnings for the period	2,641	(370)	-	2,271	Net earnings for the period

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Reconciliation of the statement of income for the year ended March 31, 2010

(in thousands of Canadian dollars)	March 31 2011 \$	Adjust- ments \$	Reclassifi- cations \$	March 31 2011 \$	In IFRS
In Canadian GAAP					
Revenues	47,076			47,076	Revenues
Cost of revenues	10,254	2 d	-	10,256	Cost of revenues
Gross margin	36,822	(2)	-	36,820	Gross margin
Operating expenses					Operating expenses
General and administrative	8,091	10 d	57 h	8,158	General and administrative
Sales and marketing	7,663	10 d	983 h,i	8,656	Selling and marketing
Technology	7,421	38 d	202 h	7,661	Technology
Amortization of acquired intangible assets	966		(966) h	-	
Stock-based compensation	(335)	392 a	(57) h	-	
	23,806	450	219	24,475	
Earnings from operations	13,016	(452)	(219)	12,345	Operating profit
Other revenues (expenses), net	(424)	60 d	219 h	(145)	Other revenues (expenses), net
Earnings before income taxes	12,592	(392)	-	12,200	Earnings before income taxes
Provision for income taxes	4,195	10 b		4,205	Income tax expense
Net earnings for the year	8,397	(402)	-	7,995	Net earnings for the year

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Reconciliation of shareholders' equity

(in thousands of Canadian dollars)	March 31 2011 \$	June 30 2010 \$	April 1 2010 \$
Shareholders' equity under Canadian GAAP	64,191	64,492	62,644
Adjustments:			
Share-based payments (a)	-	-	-
Incomes taxes (b)	(255)	(197)	(245)
Fixed assets (d)	-	(26)	-
Shareholders' equity under IFRS	63,936	64,269	62,399

Reconciliation of comprehensive income

(in thousands of Canadian dollars)	Cumulative as at March 31 2011 \$	Cumulative as at June 30 2010 \$
Comprehensive income for the period under Canadian GAAP	8,609	2,090
Adjustments:		
Share-based payments (a)	(392)	(392)
Incomes taxes (b)	(10)	48
Fixed assets (d)	-	(26)
Comprehensive income for the period under IFRS	8,207	1,720

Concerning the statement of cash flows:

- The conversion to IFRS did not have a significant impact on the total cash flows from operating activities, investing activities and financing activities for the quarter ended June 30, 2010.
- However, for the year ended March 31, 2011, conversion to IFRS reduced cash flows related to operating activities by \$904,084 and reduced cash flows related to investing activities by the same amount. This difference is related to the exception permitted under Canadian GAAP under which certain transactions may be considered a cash inflow followed by a cash outflow rather than as a non-cash transaction when a third party pays a supplier directly on behalf of the Group. This exception does not exist under IFRS.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Explanations of adjustments

a. Share-based payments

The Company has chosen to apply the exemption proposed in IFRS 1. As part of the conversion, the Company:

- did not restate equity instruments granted up to November 7, 2002 and those granted after November 7, 2002 but which vested before April 1, 2010, the date of transition to IFRS;
- applied the accounting policy described in Note 2 to equity instruments that were granted after November 7, 2002 and that had not vested as at April 1, 2010.

The differences between the previously applied accounting principle and IFRS 2 affect the following:

- Recognition and measurement of the expense related to the granting of equity instruments that vest in instalments.
 - Under Canadian GAAP, the Company recognized the total fair value of options as an expense, applying a straight-line method for the duration of the vesting period.
 - Under IFRS, when options vest in instalments, each tranche is considered a separate grant, with the compensation cost amortized accordingly.
- Application of a cancellation rate
 - Under Canadian GAAP, the Company recognized cancellations on the date they occurred.
 - Under IFRS, the Company must recognize an amount based on the best available estimate of the number of equity instruments expected to vest, and it must revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The Company has adjusted the share-based payment expense to take these differences into account.

b. Income taxes

The differences between Canadian GAAP and IFRS have had the following impacts on income taxes:

Temporary differences related to intangible assets

Under Canadian GAAP, deferred income taxes are calculated based on temporary differences, i.e., the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet. Under the *Income Tax Act* (Canada), certain eligible capital expenditures are deductible for tax purposes in an amount of up to 75% of the cost incurred upon acquisition. Section 3465, *Income taxes*, addresses this specific situation, stating that, for these assets, the tax basis at any point in time is the balance in the cumulative eligible capital pool, plus 25% of their carrying amount.

Under IFRS, the definition of temporary differences is generally the same as under GAAP. However, IFRS do not provide specific guidance on how to determine the tax basis of eligible capital, as in the situation described above. As a result, the tax basis of these assets, not including the 25% adjustment to the carrying amount allowed under GAAP, should be compared with the carrying amount appearing on the statement of financial position in order to determine the temporary difference.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Non-monetary assets and liabilities of integrated foreign operations

Under Canadian GAAP, no future income tax asset or liability can be recognized on a temporary difference arising from the difference between the historical exchange rate and the current exchange rate translations of the cost of non-monetary assets or liabilities of integrated foreign operations.

The concept of integrated or autonomous foreign operations does not exist under IFRS. Entities must determine a functional currency based on the criteria prescribed in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. IAS 12 contains no exceptions with respect to these temporary differences. As a result, the effect of changes in foreign exchange rates on the non-monetary assets and liabilities of integrated foreign operations must be identified, and this may lead to the recognition of deferred income taxes.

Impacts of other IFRS adjustments

The adjustments considered consist of recognizing the deferred tax effect of other recognized conversion adjustments, if any.

c. Effects of changes in foreign exchange rates

The adjustment in the opening statement of financial position reflects application of the exemption that allows cumulative translation differences to be reduced to zero on the transition date by crediting opening retained earnings. This adjustment had no impact on the total amount of shareholders' equity.

d. Fixed assets

When it converted to IFRS, the Group wanted to change the method used to depreciate office furniture, replacing the declining balance method that used a rate of 20% with the straight-line method that applies a useful life of five years. Since the declining balance method and the rate used in the consolidated financial statements prepared in accordance with Canadian GAAP would have been acceptable under IFRS, this change, in accordance with IFRS 1, was made prospectively, beginning on the date of transition.

e. Buy-back of ordinary shares for cancellation

Under Canadian GAAP, the Group had to charge a portion of the acquisition cost to Contributed Surplus under certain circumstances, during a buy-back of ordinary shares for cancellation.

Under IFRS, the difference between the shares acquisition cost and their nominal cost must credit Retained earnings.

This adjustment had no impact on the total amount of shareholders' equity.

Explanations of reclassifications

f. Deferred income taxes

Under Canadian GAAP, future income tax assets and liabilities are classified according to the classification of the underlying assets and liabilities. In the absence of underlying assets and liabilities, future income tax assets and liabilities are classified according to the expected reversal date of the temporary difference.

Under IFRS, deferred income tax assets (liabilities) are not to be classified as current deferred income tax assets (liabilities).

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010

Deferred income tax assets (liabilities) presented as current in the consolidated financial statements under Canadian GAAP have therefore been reclassified as long-current in the IFRS consolidated financial statements.

g. Reserves

Share purchase options, Contributed Surplus and Accumulated other comprehensive income presented under Canadian GAAP represent Reserve items under IFRS. For this reason, management decided to present them as a single line in the statement of financial position.

h. Presentation of amortization and stock-based compensation on the statement of income

When preparing the consolidated statement of income, management decided to present the information by function.

As such, the amortization expense on acquired intangible assets, presented separately under Canadian GAAP, was allocated to various items representing expenses by function.

The stock-based compensation expense, presented separately under Canadian GAAP, was allocated to General and administrative expense due to the positions held by employees taking advantage of this remuneration.

i. Other reclassifications

The following reclassifications reflect the choices that the Group made when it moved to IFRS. These presentation choices would also have been possible under Canadian GAAP.

Amounts received, or receivable, by the Group for its rebate program and used equipment trade-in program administration services and for its escrow services, not yet remitted to the third parties, were reclassified from Accounts payable and accrued liabilities to Other accounts payable.

Some credit card fees have been reclassified from Other revenues (expenses) to Selling and marketing expenses to align their presentation with that of other similar costs.

As the Group's consolidated financial statements under IFRS were being prepared, management reviewed the presentation of guaranteed investment certificates (can be cashed in at any time after 30 days without penalty) held by the Company as at March 31, 2011 and decided to reclassify them under Cash and cash equivalents given their terms and conditions. As a result of this reclassification, cash flows used by investment activities were reduced by the same amount for the year ended March 31, 2011.

Notes to the interim condensed consolidated financial statements
For the quarters ended June 30, 2011 and 2010
12 Additional annual information under IFRS as at March 31, 2011

Since these interim condensed consolidated financial statements are the Company's first consolidated financial statements prepared under IFRS, this section presents certain information that is required in annual financial statements under IFRS but that was not provided in the last annual Canadian GAAP consolidated financial statements as at March 31, 2011.

12.1 Subsidiaries

The following table presents detailed information on subsidiaries held directly or indirectly by the Company as at March 31, 2011.

Subsidiary name	Country of incorporation or registration and operation	Ownership interest percentage	Percentage of voting rights	Industry sector served
Carrus Technologies Inc.	Canada	100	100	Automobile aftermarket
3808891 Canada Inc.	Canada	100	100	Management company
The Broker Forum Inc.	Canada	100	100	Electronic components
MERX Networks Inc.	Canada	100	100	Government opportunities
InterTrade Systems Inc.	Canada	100	100	Retail trade
InterTrade Technologies, Inc.	United States	100	100	Retail trade
4222661 Canada Inc.	Canada	100	100	Government opportunities
TIM USA Inc.	United States	100	100	Management company
Market Velocity, Inc.	United States	100	100	Mass market computer and telecommunications equipment and electronic products
Construction Bidboard Inc.	United States	100	100	Government opportunities
Power Source On-Line, Inc	United States	100	100	Mass market computer and telecommunications equipment and electronic products
International Data Base Corp.	United States	100	100	Government opportunities
Polygroup, Ltd.	United States	100	100	Diamonds and jewels
Mediagrif DMCC	United Arab Emirates	100	100	Management company
Mediagrif Information Consulting (Shenzhen) Co. Ltd.	China	100	100	Electronic components

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12.2 Fixed assets

(in thousands of Canadian dollars)	Office furniture \$	Computer and other equipment \$	Leasehold improvements \$	Goods under finance-leases \$	Total \$
Cost					
Balance as at April 1, 2010	1,282	8,993	1,251	-	11,526
Acquisitions	602	808	1,053	-	2,463
Acquisitions through business combinations	-	166	60	198	424
Disposals	(535)	(2,554)	(1,168)	-	(4,257)
Balance as at March 31, 2011	1,349	7,413	1,196	198	10,156
Accumulated depreciation					
Balance as at April 1, 2010	1,122	7,811	1,170	-	10,103
Eliminations related to asset disposals	(528)	(2,550)	(1,167)	-	(4,245)
Depreciation for the year	189	892	95	23	1,199
Balance as at March 31, 2011	783	6,153	98	23	7,057
Carrying amount					
Balance as at March 31, 2011	566	1,260	1,098	175	3,099

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12.3 Intangible assets

(in thousands of Canadian dollars)	Software \$	Internally- developped software and websites \$	Total \$
Cost			
Balance as at April 1, 2010	5,266	1,006	6,272
Acquisitions	74	32	106
Acquisitions through business combinations	160	-	160
Disposals	(2)	-	(2)
Balance as at March 31, 2011	5,498	1,038	6,536
Accumulated amortization			
Balance as at April 1, 2010	4,722	656	5,378
Eliminations related to asset disposals	(2)	-	(2)
Amortization for the year	281	285	566
Balance as at March 31, 2011	5,001	941	5,942
Carrying amount			
Balance as at March 31, 2011	497	97	594

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12.4 Acquired intangible assets

(in thousands of Canadian dollars)	Customer bases \$	Technology \$	Trademarks \$	Non-compete agreements \$	Databases \$	Total \$
Cost						
Balance as at April 1, 2010	7,548	1,956	604	-	29	10,137
Acquisitions						-
Acquisitions through business combinations	2,470	1,119	-	13	-	3,602
Disposals	-	-	-	-	-	-
Balance as at March 31, 2011	10,018	3,075	604	13	29	13,739
Accumulated amortization						
Balance as at April 1, 2010	5,255	1,633	547	-	27	7,462
Eliminations related to asset disposals	-	-	-	-	-	-
Amortization for the year	745	202	13	4	2	966
Balance as at March 31, 2011	6,000	1,835	560	4	29	8,428
Carrying amount						
Balance as at March 31, 2011	4,018	1,240	44	9	-	5,311

12.5 Goodwill

(in thousands of Canadian dollars)	March 31 2011 \$
Balance at beginning of year	25,991
Business acquisition	1,600
Balance at end of year	27,591

The increase in goodwill during the year ended March 31, 2011 was due to the acquisition of InterTrade Systems Inc. ("InterTrade"), which was completed on December 22, 2010 (for more information about this acquisition, see the annual financial statements for the year ended March 31, 2011).

For the purposes of testing for impairment, goodwill is allocated to the cash-generating units (CGUs) that should benefit from the synergies of the business combination and represents the lowest level at which the goodwill is monitored for internal management purposes, which corresponds to all the Group's CGUs. To determine whether impairment is required, the Group estimates the recoverable amount of its CGUs. The recoverable value was established by calculating its value in use. This calculation is based on the following key assumptions:

- Cash flow projections are prepared on the basis of the approved budget for the coming year. Projections for the four years following the year for which the budget was prepared are consistent with the historical data and reflect management's expectations with respect to operating performance in the medium term and expected market growth;
- Cash flows subsequent to this five-year period have been extrapolated using a constant growth rate of 2% per year, which reflects the rate expected by the industry;
- The Group uses a pre-tax discount rate of 22.8% per year. This discount rate has been estimated on the basis of the industry's weighted average cost of capital.

On the date that the test was performed, the Group determined that the group of CGUs with goodwill had not been impaired. Management believes that any reasonably possible change in key assumptions used to calculate the recoverable amount will have no impact on the results of the impairment test.

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12.6 Income taxes

- a) Income tax expense is allocated as follows:

	March 31 2011 \$
<i>(in thousands of Canadian dollars)</i>	
Current tax expense	
Current income tax	3,170
Adjustment recognized during the year for current tax of prior years	149
Deferred tax expense	
Deferred tax expense relating to the origination and reversal of temporary differences	550
Adjustments recognized during the year for the deferred tax of prior years	17
Recognized operating losses	(215)
Foreign exchange impact of remeasuring deferred tax	253
Unrecognized operating losses - U.S. states	316
Impact of change in statutory tax rate on deferred tax	(35)
Income tax expense	4,205

- b) Income tax expense is calculated using an actual tax rate that differs from the statutory tax rate for the following reasons:

	March 31 2011 %
Weighted average statutory income tax rate	29.5
Increase (decrease) arising from	
Geographic distribution of operating profits	1.2
Non-deductible share-based compensation	0.1
Non-taxable foreign exchange gain	(0.5)
Non-deductible foreign exchange loss	0.4
Non-deductible expenses	(0.2)
Recognized operating loss	(1.8)
Impact of change in statutory tax rate on deferred tax	(0.3)
Foreign exchange effect after revaluation of deferred tax	2.1
Prior-year tax adjustments and contributions	1.4
Unrecognized operating losses - U.S. states	2.6
Actual tax rate	34.5

The tax rate used to reconcile the 2011 results presented above is the 29.5% tax rate applicable to the taxable income of Canadian companies according to the applicable tax laws of this territory.

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c) The deferred tax balances are as follows:

	March 31 2011 \$
(in thousands of Canadian dollars)	
Deferred tax recognized in the statement of income	
Fixed assets	251
Intangible assets	(528)
Unrealized capital foreign exchange differences	(7)
Integrated foreign exchange impact	(114)
Provisions	165
Deferred rent	(10)
Capital lease obligations	49
Research and development expenses	624
Tax losses	6,127
Tax credits	(873)
	5,684
Deferred tax recognized in accumulated comprehensive income	
Change in foreign currency forward contracts	(256)
	(256)
Deferred tax assets, net	5,428
Presented as:	
Deferred tax assets	7,365
Deferred tax liabilities	(1,937)
	5,428

The deferred tax asset includes \$7,070,120 that will be realized in more than one year. The deferred tax liability includes \$1,178,693 that will be settled in more than one year.

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d) The following deferred tax assets have not been recognized:

	March 31 2011 \$
(in thousands of Canadian dollars)	
Deductible temporary differences, tax losses and unused tax credits for which no deferred tax assets were recognized	
Tax losses - revenues	10,619
Tax losses - capital	37
	10,656

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12.7 Related party transactions - compensation of key management personnel

The table below presents the compensation of directors and of the management team for the year:

(in thousands of Canadian dollars)	Year ended March 31 2011 \$
Directors - Director fees	168
Management team	
Short-term benefits	1,957
Termination benefits	531
Share-based payments	50
	2,706

The management team's compensation is set by the compensation committee, taking into account individual performance, the Group's financial performance and market trends.

Short-term benefits include \$607,258 in management fees paid to a corporate shareholder who has significant influence over the Group. The transaction was in the normal course of business and was measured at the exchange amount, which is the amount of consideration established and agreed upon by the parties.