MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MARCH 31, 2016

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at June 7, 2016, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Company") should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2016. This discussion and analysis compares performance for the fiscal years ended March 31, 2016 and 2015 and for the quarters then ended. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

In addition to providing profit measures in accordance with IFRS, the Company's statement of income shows operating profit and earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) ("Adjusted EBITDA") as supplementary earnings measures. Operating profit and adjusted EBITDA are not intended to be measures that should be regarded as an alternative to other financial operating performance measures prepared in accordance with IFRS. Those measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Operating profit and adjusted EBITDA are provided to assist investors in determining the Company's ability to generate profitability from its operations and to evaluate its financial performance.

COMPANY PROFILE

Mediagrif (TSX: MDF) is a Canadian leader in information technology, owner of several recognized web and mobile platforms including Jobboom, LesPAC, Réseau Contact, MERX, InterTrade, Carrus, and BidNet. Mediagrif's e-commerce solutions are used by millions of consumers and businesses in North America and around the world. The Company has offices in Canada, the United States and China.

MISSION STATEMENT

Our mission is to provide to our customers innovative and efficient technological solutions. In doing so, we seek to create value for our customers, our employees and our shareholders.

FINANCIAL HIGHLIGHTS – FISCAL YEAR ENDED MARCH 31, 2016

- Revenues increased by 4% to total $73.0 million for fiscal year 2016 compared to $70.2 million for fiscal year 2015.
- Adjusted EBITDA[1] of $28.6 million or 39% of revenues for fiscal year 2016, including non-recurring expenses of $0.5 million compared to $27.5 million or 39% of revenues for fiscal year 2015.
- Profit of $15.8 million ($1.05 per share) for fiscal year 2016 compared to $15.6 million ($1.00 per share) for fiscal year 2015.
- Repurchase, under the normal course issuer bid in place, of 3.5% of shares outstanding (543,276 shares) during fiscal year 2016 for a consideration of $9.1 million.
- Renewal of the Credit Agreement, increasing the loan capacity to $80.0 million ($60.0 million according to previous agreement).

[1] See reconciliation of adjusted EBITDA and profit.

SUBSEQUENT EVENT

On May 31, 2016, the Company acquired substantially all of the assets of Advanced Software Concepts Inc. ("ASC") for a $18,500,000 cash consideration subject to certain adjustments. The acquisition was entirely financed by the Company's revolving credit facility.

ASC offers best-in-class contract lifecycle management (CLM) solutions to a diversified clientele located primarily in North America.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

	Years ended March 31				
In thousands of Canadian dollars, except per share amounts.	**2016**	**2015**	**2014**	**2013** [(1)]	**2012**
Unaudited and not reviewed by independent auditors.	**$**	**$**	**$**	**$**	**$**
REVENUES	**73,020**	70,247	65,376	60,711	53,824
GROSS MARGIN	**58,652**	56,275	51,520	48,450	42,972
OPERATING EXPENSES					
General and administrative	**9,323**	8,475	8,571	7,896	10,398
Selling and marketing	**15,389**	14,637	14,110	10,377	9,567
Technology	**10,905**	12,303	11,748	10,313	9,778
TOTAL OPERATING EXPENSES	**35,617**	35,415	34,429	28,586	29,743
OPERATING PROFIT	**23,035**	20,860	17,091	19,864	13,229
Other (expenses) revenues, net amount	**(400)**	1,174	879	(19)	640
Financial expenses, net amount	**(815)**	(1,075)	(1,194)	(911)	(480)
Share of profit in a joint venture	**163**	217	162	215	-
Income tax expense	**(6,151)**	(5,543)	(4,227)	(5,176)	(3,884)
PROFIT FOR THE YEAR	**15,832**	15,633	12,711	13,973	9,505
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**28,576**	27,509	24,331	25,165	17,365
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**22,310**	24,082	22,236	18,018	12,285
EARNINGS PER SHARE – BASIC AND DILUTED	**1.05**	1.00	0.80	0.97	0.69
Declared dividends per share	**0.40**	0.40	0.40	0.37	0.32
Weighted-average number of shares outstanding (in thousands):					
Basic	**15,140**	15,711	15,833	14,421	13,705
Diluted	**15,140**	15,711	15,833	14,448	13,755
Stock options outstanding (in thousands)	**-**	-	-	-	105
TOTAL ASSETS	**194,129**	191,155	196,165	132,731	129,357
LONG-TERM DEBT (including current portion)	**26,311**	26,100	36,920	57	38,483

(1) Certain figures for fiscal year 2013 have been restated following the adoption of IFRS 11 "Joint arrangements". The financial information for the fiscal year ended March 31, 2012 has not been restated.

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT *In thousands of Canadian dollars* *(unaudited)*	**Years ended March 31** **2016** **$**	 **2015** **$**
PROFIT FOR THE YEAR	**15,832**	15,633
Income tax expense	**6,151**	5,543
Depreciation of property, plant and equipment and amortization of intangible assets	**2,060**	1,586
Amortization of acquired intangible assets	**3,466**	4,971
Amortization of deferred financing costs	**10**	120
Amortization of deferred lease inducement	**(148)**	(125)
Foreign exchange gain	**(115)**	(1,174)
Interest on long-term debt and interest related to a tax settlement	**1,239**	955
Gain on disposal of property, plant and equipment	**(4)**	-
Loss on disposal of intangible assets	**85**	-
ADJUSTED EBITDA	**28,576**	27,509

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) as historically calculated by the Company.

FISCAL YEAR ENDED MARCH 31, 2016 ("FISCAL YEAR 2016") COMPARED TO FISCAL YEAR ENDED MARCH 31, 2015 ("FISCAL YEAR 2015")

REVENUES

For fiscal year 2016, revenues totaled $73.0 million, an increase of 4% or $2.8 million compared to fiscal year 2015. This revenue increase is mainly explained as follows:

- Increase in revenues from MERX, InterTrade, LesPAC, Market Velocity, BidNet and Carrus for an amount of $3.6 million.
- Increase of $2.9 million in revenues attributable to changes in the Canadian dollar against the U.S. dollar, combined with hedges in place.
- Decrease in revenues from Jobboom, The Broker Forum and PowerSource OnLine.for a total amount of $3.5 million.
- Decrease in revenues from software development for an amount of $0.2 million.

During fiscal year 2016, revenues earned in Canadian dollars represented 62% of total revenues, compared to 66% for fiscal year 2015.

COST OF REVENUES

Cost of revenues was $14.4 million during fiscal year 2016 compared to $14.0 million during fiscal year 2015.

This increase is primarily due to a $0.4 million increase in licence fees related to the acquisition of new software and to a $0.3 million increase in labor costs, mainly due to the conversion into Canadian dollars of labor costs incurred by the U.S. subsidiaries.

These increases were partially offset by a $0.2 million decrease in printing costs and by a $0.1 million favorable retroactive adjustment on professional fees related to an advertising agreement.

GROSS MARGIN

Based on the information above, gross margin for fiscal year 2016 was 80.3% compared to 80.1% during fiscal year 2015.

OPERATING EXPENSES

Operating expenses for fiscal year 2016 totaled $35.6 million, compared to $35.4 million for fiscal year 2015. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $9.3 million during fiscal year 2016 compared to $8.5 million during fiscal year 2015, for an increase that is primarily due to $0.5 million in non-recurring due diligence expenses for various potential business acquisitions, including the ASC acquisition, and to the recording of a provision for a legislative contingency of $0.4 million. These increases were partially offset by a $0.1 million decrease in labor costs.

- Selling and marketing expenses totaled $15.4 million during fiscal year 2016 compared to $14.6 million during fiscal year 2015. The increase in selling and marketing expenses is mainly due to a $0.5 million increase in higher labor costs, mainly attributable to the conversion into Canadian dollars of the labor costs incurred by the U.S. subsidiaries. The increase in selling and marketing expenses is also due to $0.2 million increase in advertising and promotion costs and to a $0.1 million increase in bad debt expense.

- Technology expenses totaled $10.9 million during fiscal year 2016, compared to $12.3 million during fiscal year 2015. This decrease is primarily due to the recording of $1.2 million in additional tax credits, some of which relate to prior years, to a $1.0 million lower amortization expense and to a $0.7 million increase in internally developed software. These items were partially offset by a $1.4 million increase for the technology workforce and by a $0.1 million increase in licence fees and equipment costs.

OPERATING PROFIT

Based on the information above, operating profit reached $23.0 million during fiscal year 2016 compared to $20.9 million during fiscal year 2015.

OTHER (EXPENSES) REVENUES

For fiscal year 2016, other expenses totaled $0.4 million compared to other revenues of $1.2 million during fiscal year 2015. This change is mainly due to the fact that, during fiscal year 2016, the Company realized a $0.1 million foreign exchange gain on U.S.-dollar denominated assets compared to a $1.2 million gain during fiscal year 2015, mainly explained by exchange rate fluctuations (CA$/US$) during fiscal years 2016 and 2015. In addition, interest for a tax settlement of $0.4 million was recorded during fiscal year 2016.

FINANCIAL EXPENSES

Financial expenses totaled $0.8 million during fiscal year 2016 compared to $1.1 million for fiscal year 2015. Financial expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization of deferred financing costs.

The decrease in financial expenses is mainly due to lower interest on long term debt attributable to a decrease in average long-term debt and to lower interest rates during fiscal year 2016 when compared to fiscal year 2015.

INCOME TAX EXPENSE

For fiscal year ended on March 31, 2016, income tax expense totaled $6.2 million, representing an effective tax rate of 28.0% compared to the statutory rate of 26.9%. During fiscal year 2015, the effective tax rate was at 26.2%.

For fiscal year 2016, the higher effective tax rate compared to the statutory tax rate is mainly due to the recording of a current income taxes provision related to the provision for a legislative contingency. Moreover, a portion of income is taxable in the United States, a jurisdiction where the statutory tax rate is higher. Also, certain expenses recorded for accounting purposes are non-deductible for tax purposes, thus increasing the effective tax rate compared to the statutory tax rate.

During fiscal year 2015, the lower effective tax rate compared to the statutory tax rate is mainly due to the fact that certain foreign exchange gains realized by the Company are non-taxable. This decrease was slightly offset by the fact that certain prior year adjustments were recorded during fiscal year 2015.

PROFIT

As a result of the above items, profit for fiscal year 2016 totaled $15.8 million ($1.05 per share) compared to $15.6 million ($1.00 per share) during fiscal year 2015.

FOURTH QUARTER ENDED MARCH 31, 2016 ("FOURTH QUARTER OF FISCAL 2016")

In thousands of Canadian dollars, except per share amounts. *(unaudited)*	Three months ended March 31 2016 $	 2015 $
REVENUES	**18,817**	17,467
GROSS MARGIN	**14,886**	14,087
OPERATING EXPENSES		
General and administrative	**2,687**	2,183
Selling and marketing	**4,057**	3,924
Technology	**2,960**	2,607
TOTAL OPERATING EXPENSES	**9,704**	8,714
OPERATING PROFIT	**5,182**	5,373
Other (expenses) revenues, net amount	**(1,408)**	854
Financial expenses	**(198)**	(195)
Share of profit of a joint venture	**22**	53
Income tax expense	**(1,126)**	(1,502)
PROFIT	**2,472**	4,583
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**6,556**	6,750
EARNINGS PER SHARE – BASIC AND DILUTED	**0.16**	0.30
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	**14,999**	15,542

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT

In thousands of Canadian dollars	Three months ended March 31 2016 $	 2015 $
PROFIT	**2,472**	4,583
Income tax expense	**1,126**	1,502
Depreciation of property, plant and equipment and amortization of intangible assets	**571**	435
Amortization of acquired intangible assets	**816**	921
Amortization of deferred financing costs	**10**	-
Amortization of deferred lease inducement	**(35)**	(32)
Foreign exchange loss (gain)	**950**	(854)
Interest on long-term debt and interest related to a fiscal settlement	**622**	195
Loss on disposal of intangible assets	**24**	-
ADJUSTED EBITDA	**6,556**	6,750

REVENUES

For the fourth quarter of fiscal 2016, revenues totaled $18.8 million, up 8% or $1.4 million compared to the fourth quarter of fiscal 2015. This revenue increase is mainly explained as follows:

- Increase in revenues from LesPAC, MERX, InterTrade, BidNet, Réseau Contact and Carrus for an amount of $1.9 million.
- Increase of $0.7 million in revenues attributable to changes in the Canadian dollar against the U.S. dollar, combined with hedges in place.
- Decrease in revenues from Jobboom and The Broker Forum for a total amount of $1.2 million.

During the fourth quarter of fiscal 2016, revenues earned in Canadian dollars represented 62% of total revenues, compared to 64% for the fourth quarter of fiscal 2015.

COST OF REVENUES

Cost of revenues totaled $3.9 million during the fourth quarter of fiscal 2016 compared to $3.4 million during the fourth quarter of fiscal 2015.

This increase is primarily due to a $0.3 million increase in sales commissions associated with higher advertising revenues and to a $0.1 million increase in licence fees. The increase in cost of revenues is also due to a $0.1 million increase in labor costs, mainly due to the conversion into Canadian dollars of labor costs incurred by the U.S. subsidiaries.

GROSS MARGIN

Based on the information above, gross margin for the fourth quarter of fiscal 2016 reached 79.1% compared to 80.6% in the fourth quarter of fiscal 2015.

OPERATING EXPENSES

Operating expenses for the fourth quarter of fiscal 2016 totaled $9.7 million compared to $8.7 million for the fourth quarter of fiscal 2015. The changes in operating expenses is explained as follows:

- General and administrative expenses totaled $2.7 million during the fourth quarter of fiscal 2016 compared to $2.2 million for the corresponding period of fiscal 2015. This increase is primarily due to the recording of a provision for a legislative contingency of $0.3 million and to due diligence expenses related to the ASC acquisition.
- Selling and marketing expenses totaled $4.1 million during the fourth quarter of fiscal 2016 compared to $3.9 million for the fourth quarter of fiscal 2015. This increase is mainly due to higher advertising and promotion costs during the fourth quarter of fiscal 2016.
- Technology expenses totaled $3.0 million during the fourth quarter of fiscal 2016 compared to $2.6 million during the corresponding period of fiscal 2015. This increase was primarily due to an increase in the technology workforce of $0.4 million.

OPERATING PROFIT

Based on the information above, operating profit reached $5.2 million during the fourth quarter of fiscal 2016 compared to $5.4 million during the fourth quarter of fiscal 2015.

OTHER (EXPENSES) REVENUES

For the fourth quarter of fiscal year 2016, other expenses totaled $1.4 million compared to other revenues of $0.9 million during the fourth quarter of fiscal 2015. During the fourth quarter of fiscal 2016, the Company realized a $1.0 million foreign exchange loss on U.S.-dollar denominated assets compared to a foreign exchange gain of $0.9 million during the fourth quarter of fiscal 2015. This decrease is explained by the in exchange rate fluctuations (CA$/US$) during these periods. In addition, interest for a tax settlement of $0.4 million was recorded during the fourth quarter of fiscal year 2016.

FINANCIAL EXPENSES

Financial expenses stood at $0.2 million for both the fourth quarters of fiscal years 2016 and 2015. Financial expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization of deferred financing costs.

INCOME TAX EXPENSE

For the fourth quarter of fiscal 2016, income tax expense totaled $1.1 million, representing an effective tax rate of 31.3% compared to the statutory rate of 26.9%.

During the fourth quarter of fiscal 2016, the increase in the effective tax rate compared to the statutory tax rate is mainly due to the recording of a provision for current income taxes related to the provision for a legislative contingency. Moreover, a portion of income is taxable in the United States, a jurisdiction where the statutory tax rate is higher. Also, certain expenses recorded for accounting purposes are non-deductible for tax purposes, thus increasing the effective tax rate compared to the statutory tax rate.

During the fourth quarter of fiscal 2015, the effective tax rate stood at 24.7% compared to the statutory rate of 26.9%. The decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that certain foreign exchange gains realized by the Company are non-taxable.

PROFIT

As a result of the above items, profit for the fourth quarter of fiscal 2016 totaled $2.5 million ($0.16 per share) compared to $4.6 million ($0.30 per share) during the fourth quarter of fiscal 2015.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before March 31, 2016, is as follows:

Unaudited and not reviewed by independent auditors	**March 31 2016** $	**Dec. 31, 2015** $	**Sept. 30, 2015** $	**June 30, 2015** $	**March 31, 2015** $	**Dec. 31, 2014** $	**Sept. 30, 2014** $	**June 30, 2014** $
Revenues	**18,817**	18,541	17,953	17,709	17,467	17,537	17,512	17,731
Operating profit	**5,182**	6,619	6,117	5,117	5,373	5,397	5,199	4,891
Adjusted EBITDA	**6,556**	8,003	7,539	6,478	6,750	7,003	7,137	6,619
Profit	**2,472**	4,851	5,089	3,420	4,583	4,056	3,862	3,132
Basic and diluted earnings per share	**0.16**	0.32	0.34	0.22	0.30	0.26	0.24	0.20

In thousands of Canadian dollars, except per share amounts.

2016 QUARTERS

- Fourth quarter: Compared to the third quarter of fiscal 2016, the higher revenues is mainly due to an increases in the revenues from MERX, LesPAC and InterTrade and to software development revenues for a total amount of $0.7 million as well as to a favorable exchange rate impact (CA$/US$) on revenues of $0.2 million. These increases were partially reduced by a decrease in revenues from Jobboom and Market Velocity.

  Still comparing to the third quarter, adjusted EBITDA and operating profit decreased, mainly due to additional labor costs of $0.6 million, to a $0.2 million increase in advertising costs and to a $0.3 million increase in sales commissions associated with higher advertising revenues. In addition, during the fourth quarter, the Company posted a $0.4 million decrease in tax credits, a $0.2 million increase in professional fees related primarily to the acquisition of ASC and an additional amount of $0.1 million for a provision for a legislative contingency. These items were partially offset by a $0.2 million increase in internally developed software.

  Profit also decreased, mainly due to a $1.0 million foreign exchange loss during the fourth quarter compared to a 0.5 million foreign exchange gain during the third quarter of fiscal 2016 as well as to interest for a tax settlement of $0.4 million recorded during the fourth quarter of fiscal year 2016.

- Third quarter: Compared to the second quarter of fiscal 2016, the increase in revenues is mainly attributable to a $0.6 million increase in revenues from LesPAC, Jobboom and Réseau Contact and to a $0.1 million favorable exchange rate impact (CA$/US$) on revenues. These increases were partially offset by a decrease in revenues from Market Velocity.

  Adjusted EBITDA and operating profit also increased, mainly due to $0.3 million increase in tax credits (including $0.2 million related to a prior year) recorded during the third quarter when compared to the previous quarter and to a $0.2 million favorable retroactive adjustment on an advertising agreement. These items were partially offset by additional labor costs of $0.2 million, by a $0.2 million increase in advertising and promotion costs and by the recording of a provision for a legislative contingency of $0.2 million.

  Profit for the quarter ended December 31, 2015 decreased slightly, mainly due to a $0.4 million lower foreign exchange gain during the third quarter compared to the second quarter of fiscal year 2016.

- Second quarter: Compared to the first quarter of fiscal 2016, the increase in revenues is mainly attributable to higher revenues from InterTrade, Market Velocity and Réseau Contact as well as to a favorable exchange rate impact (CA$/US$) on revenues. These increases were partially offset by a decrease in revenues from Jobboom and by a decrease in revenues from LesPAC, some of is due to seasonal variation.

  Adjusted EBITDA and operating profit also increased, mainly due to lower professional fees (due diligence costs of $0.3 million incurred during the first quarter of fiscal 2016), lower advertising and promotion costs as well as a decrease in salaries and benefits, for a total amount of $0.5 million.

  Profit in the quarter ended September 30, 2015 also increased due to a $0.8 million foreign exchange gain on assets denominated in U.S. dollars compared to a foreign exchange loss of $0.2 million in the quarter ended June 30, 2015.

- First quarter: Compared to the fourth quarter of fiscal 2015, the increase in revenues is mainly due to higher revenues from LesPAC, MERX and Carrus, partially offset by a decrease in revenues from Jobboom.

  Adjusted EBITDA and operating profit decreased mainly due to non-recurring due diligence costs of $0.3 million, to higher commissions paid in connection with higher revenue and to lower tax credits.

  Profit in the quarter ended June 30, 2015 was also reduced by the recording of a foreign exchange loss of $0.2 million while a foreign exchange gain of $0.9 million was recorded during the quarter ended March 31, 2015.

2015 QUARTERS

- Fourth quarter: Compared to the third quarter of fiscal 2015, the Company's revenues and operating profit remained stable.

  Adjusted EBITDA decreased slightly, mainly due to a $0.2 million in termination benefits. On the other hand, operating profit remained stable due to a $0.2 million lower amortization expense.

  Profit increased, primarily due to a $0.6 million higher foreign exchange gain and to lower financial expenses during the fourth quarter compared to the preceding quarter.

- Third quarter: Compared to the second quarter of fiscal 2015, revenues remained stable at $17.5 million.

  Adjusted EBITDA decreased slightly, mainly due to higher advertising and promotion costs during the third quarter. The increase in operating profit is due to lower amortization expense related to acquired intangible assets as well as to a decrease in the printing costs of certain publications. The lower expenses were partially offset by higher advertising and promotion costs.

  Profit increased due to lower financial expenses and lower income tax expense during the third quarter.

- Second quarter: Compared to the first quarter of fiscal 2015, the decrease in revenues during the second quarter of fiscal 2015 was primarily attributable to LesPAC and Jobboom; this decrease is partly explained by seasonal variations. The increase in revenues from MERX and InterTrade during the quarter partially offset this decrease.

  Moreover, the increase in operating profit and adjusted EBITDA is mainly attributable to a $0.3 million seasonal decrease in advertising and promotion costs, to lower salary and benefit costs and to additional tax credits.

Profit has also increased due to a foreign exchange gain of $0.4 million during the second quarter compared to a foreign exchange loss of $0.3 million during the first quarter.

- First quarter: Compared to the fourth quarter of fiscal 2014, the increase in revenues is primarily attributable to higher revenues from LesPAC, partly offset by lower revenues from Jobboom. Operating profit also increased due to additional revenues, lower amortization expense and the recognition of internally developed software. Furthermore, operating profit and adjusted EBITDA were affected by a seasonal decrease in advertising and promotion costs and by reduced tax credits.

  Profit decreased, mainly due to a foreign exchange loss of $0.3 million in the current quarter compared to a foreign exchange gain of $0.4 million in the fourth quarter of fiscal 2014. In addition, the income tax expense for the first quarter of fiscal 2015 was $0.3 million higher than that of the fourth quarter of fiscal 2014 due to certain prior year adjustments recorded in the fourth quarter of fiscal 2014.

LIQUIDITY AND FINANCIAL RESOURCES

In general, the Company finances its operations, capital expenditures, dividends, repurchases of common shares, dividends and business acquisitions using funds generated by its operations and cash on hand.

When necessary, the Company may also use funds on the unused portion of its credit facility (see the "Financing Activities – Credit Agreement" section) or issue new shares to fund its additional cash requirements and business acquisitions.

As at March 31, 2016, the Company had cash and cash equivalents of $10.9 million and $53.5 million available on its revolving facility of $80.0 million, subject to compliance with financial ratios.

OPERATING ACTIVITIES

	Years ended on March 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Cash flows related to operating activities before changes in non-cash working capital items	**20,705**	21,948
Changes in non-cash working capital items	**1,605**	2,134
Cash flows related to operating activities	**22,310**	24,082

For fiscal year 2016, cash flows generated by operating activities reached $22.3 million, compared to $24.1 million for fiscal year 2015.

This decrease in generated cash flows is mainly due to changes in non-cash working capital items, particularly accounts receivable and tax credits receivable, partially offset by a change in accounts payable and accrued liabilities, and to higher tax payments.

INVESTING ACTIVITIES

	Years ended on March 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Acquisition of property, plant and equipment	**(1,228)**	(766)
Acquisition of intangible assets	**(3,016)**	(1,718)
Distribution from a joint venture	**500**	-
Proceeds on disposal of property, plant and equipment	**5**	-
Cash flows related to investing activities	**(3,739)**	(2,484)

Cash flows used by investing activities amounted to $3.7 million for fiscal year 2016 compared to $2.5 million in the previous fiscal year.

During fiscal year 2016, the Company acquired $1.2 million in property, plant and equipment compared to $0.8 million during fiscal year 2015. This increase is partially explained by the acquisition of computer equipment during fiscal year 2016.

Acquisitions of intangible assets during fiscal year 2016 include an amount of $1.9 million related to internally-developed software compared to $1.2 million during fiscal year 2015. The Company also acquired external software for $1.1 million during fiscal year 2016 compared to $0.5 million during fiscal year 2015.

During fiscal year 2016, the Company received a $0.5 million capital distribution from a joint venture, whereas there bad been no distribution during fiscal year 2015.

FINANCING ACTIVITIES

	Years ended on March 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Increase of long-term debt	**9,112**	-
Repayment of long-term debt	**(8,712)**	(10,940)
Financing costs	**(199)**	-
Repurchase of common shares for cancellation	**(9,112)**	(4,957)
Lease inducement received	**-**	79
Cash dividends paid on common shares	**(6,068)**	(6,302)
Cash flows related to financing activities	**(14,979)**	(22,120)

For fiscal 2016, cash flows used for financing activities amounted to $15.0 million compared to $22.1 million used during fiscal year 2015.

During fiscal year 2016, the Company used $9.1 million on its revolving credit facility to repurchase, under the normal course issuer bid in place, a total of 543,276 shares. Moreover, the Company repaid an amount of $8.7 million on its revolving credit facility during fiscal year 2016.

Dividends paid by the Company amounted to $6.1 million during fiscal year 2016 compared to $6.3 million during fiscal year 2015. The decrease in dividends paid is due to the repurchase of shares in fiscal year 2016, as there was no change in the quarterly dividend rate of $0.10 per share during fiscal year 2015 and 2016.

CREDIT AGREEMENT

On December 18, 2015, the Company renewed its credit agreement, which had previously been concluded on November 10, 2011 (the "Credit Agreement") with three Canadian financial institutions and under which the lenders made available to the Company an $80.0 million ($60.0 million as at March 31, 2015) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2015) subject to lenders' acceptance.

The Revolving Facility expires on December 18, 2020, and any outstanding amounts are due in full at maturity. Amounts under the Credit Agreement are repayable before maturity without penalty.

As at March 31, 2016, the Company had drawn $26.5 million on its Revolving Facility.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, LIBOR or the bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to the EBITDA defined in the Credit Agreement. As at March 31, 2016, the actual rate was 0.88% and the margin was 1.20%. In addition, the unused portion of the Revolving Facility bears interest at 0.24% as standby fees.

All obligations under the Credit Agreement are secured by a first-rank security (hypothec) on substantially all of the Company's present and future tangible and intangible assets,.

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at March 31, 2016, the Company was in compliance with the financial ratios prescribed under these covenants.

FINANCIAL POSITION

As a whole, the Company has a sound financial position and is able to meet its financial obligations. As at March 31, 2016, the Company had cash and cash equivalents of $10.9 million and $53.5 million available on its $80.0 million credit facility. At that same date, the Company had total assets of $193.4 million compared to $191.2 million as at March 31, 2015.

INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION	Years ended on March 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**10,901**	7,546
Cash held for the benefit of third parties	**1,011**	666
Accounts receivable	**5,927**	5,691
Tax credits receivable	**5,128**	3,947
Prepaid expenses and deposits	**1,145**	1,986
Intangible assets	**3,617**	1,719
Goodwill	**100,280**	100,280
Investment in a joint venture	**250**	587
Accounts payable and accrued liabilities	**8,220**	6,861
Other accounts payable	**1,706**	1,229
Deferred revenues	**16,774**	16,473
Derivative financial instruments	**69**	1,431
Long-term debt	**26,311**	26,100
Shareholders' equity	**123,805**	122,103

The main changes in the Company's statement of financial position between March 31, 2016 and 2015 are explained as follows:

- Accounts receivable reached $5.9 million as at March 31, 2016, an increase of $0.2 million compared to March 31, 2015. This increase is mainly attributable to higher accounts receivable from Market Velocity and LesPAC, given the increase in transactions from these platforms.
- Tax credits receivable totaled $5.1 million as at March 31, 2016, an increase of $1.2 million when compared to March 31, 2015. This increase is explained by the recording of additional tax credits during fiscal year 2016, including some that relate to prior years.
- Intangible assets totaled $3.6 million as at March 31, 2016, up $1.9 million from March 31, 2015. This increase is explained by the acquisition of external software and also from the recognition of internally developed software for a total amount of $3.0 million, partially offset by a decrease in amortization expense of $1.0 million and a $0.1 million loss on disposal.
- Investment in a joint venture stood at $0.3 million as at March 31, 2016, a decrease of $0.3 million compared to March 31, 2015. This decrease is explained by a $0.5 million capital distribution from its joint venture, Global Wine & Spirits, partially offset by the $0.2 million share of profit for the period.
- Accounts payable and accrued liabilities stood at $8.2 million as at March 31, 2016, a $1.4 million increase compared to March 31, 2015. This increase is due to higher non-recurring expenses as at

March 31, 2016 compared to March 31, 2015, including a provision for a legislative contingency and to due diligence expenses.

- Other accounts payable totaled $1.7 million as at March 31, 2016 compared to $1.2 million as at March 31, 2015. This increase is partly due to an increase in amounts held for the benefit of third parties during the year resulting from a year-end increase in the trust activities and to an increase in the conversion rate into Canadian dollars of these U.S. dollars amounts.
- Derivative financial instruments totaled $0.1 million as at March 31, 2016, which represents a $1.4 million decrease compared to March 31, 2015. The change is explained by the difference between effective exchange rates on the foreign exchange contracts in effect and the market exchange rates as at March 31, 2015 and 2016, respectively.
- Long-term debt totaled $26.3 million as at March 31, 2016 compared to $26.1 million as at March 31, 2015. This increase in long-term debt is due to a $9.1 million repurchase of shares, less $8.7 million in repayments made and $0.2 million in financing costs of paid at the time of the Credit Agreement renewal.
- Shareholders' equity stood at $123.8 million as at March 31, 2016, compared to $122.1 million as at March 31, 2015. The change in shareholders' equity reflects the $16.8 million comprehensive income earned by the Company during fiscal year 2016 less the $9.1 million repurchase of common shares and $6.0 million in dividends.

CONTRACTUAL OBLIGATIONS

The principal repayments required on long-term debt and the commitments under operating leases for the coming financial years are as follows:

In thousands of Canadian dollars	Total $	2017 $	2018 2019 $	2020 2021 $	2022 and hereafter $
Long-term debt	26,500	-	-	26,500	-
Operating leases	9,279	1,675	3,225	2,220	2,159
Total contractual obligations	35,779	1,675	3,225	28,720	2,159

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to certain financial risks. The Company does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in Note 23 to the Company's audited consolidated financial statements as at March 31, 2016.

The Company's hedging program will yield an average (CA$/US$) exchange rate of 1.2920 on foreign currency forward contracts of US $11.2 million held as at March 31, 2016, which will mature over fiscal years 2017 and 2018. As at March 31, 2015, the Company had foreign currency forward contracts of US $11.3 million held at an average rate of 1.1418.

During fiscal year ended March 31, 2016, there has been no significant change to the nature of the risks arising from financial instruments, to the related risk management or to the classification of financial instruments.

Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Company's consolidated statement of financial position.

RELATED PARTY TRANSACTIONS

The Company holds a 50% ownership interest in the joint venture Société d'investissement M-S S.E.C. (a limited partnership), which operates under the brand Global Wine & Spirits ("GWS"), in which it shares joint control with its co-venturers. GWS operates a virtual business-to-business electronic network offering an integrated solution for the purchase and sale of wine and spirits.

During fiscal year 2016, the Company recorded revenues of $1.7 million from transactions with GWS compared to $1.6 million during fiscal year 2015. In addition, the Company recharged $0.3 million in operating expenses to GWS in the amount of during fiscal years 2016 and 2015. As at March 31, 2016 and as at March 31, 2015, the Company's accounts receivable from GWS stood at $0.1 million.

These transactions occurred in the normal course of business and were measured at the amount of consideration agreed to by the parties.

RISKS AND UNCERTAINTIES

The Company is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Company seeks to diminish the risks and uncertainties created by potentially unfavourable situations in its industry sector or its liquidity. The risks that the Company faces are technological, operational or financial in nature or are inherent to its business activities or its acquisition strategies.

RETENTION OF CUSTOMERS

We depend on our customer base for a significant portion of our revenues. If our customers fail to renew their contracts, or fail to purchase additional services, then our revenues could decrease and our operating results could be adversely affected. Factors influencing such contract terminations could include changes in the financial circumstances of our customers, dissatisfaction with our products or services, our retirement or lack of support for our legacy products and services, our customers selecting or building alternate technologies to replace us, changes in our customers' business that may no longer necessitate the use of our services, or other reasons. Furthermore, our customers could delay or terminate implementations or use of our services or be reluctant to migrate to new services. Such customers will not generate the revenues anticipated within the timelines anticipated, if at all, and may be less likely to invest in additional services or products from us in the future.

ACQUISITIONS

Our growth strategy includes making strategic acquisitions, principally in the information technology industry. There is no assurance that we will find suitable companies in this industry to acquire or that we will have enough resources to complete any acquisition. We could also consider making acquisitions in other promising sectors of the economy, if such acquisitions are likely to increase our value. Acquisitions involve a number of risks, including: diversion of management's attention from current operations; disruption of our ongoing business; lack of expertise of management in the sector of activity of the acquired business; difficulties in integrating and retaining all or part of the acquired business, its customers and its personnel; assumption of disclosed and undisclosed liabilities; dealing with unfamiliar laws, customs and practices in foreign jurisdictions; and the effectiveness of the acquired company's internal controls and procedures. The individual or combined effect of

these risks could have a material adverse effect on our business. As well, in paying for an acquisition, we may deplete our cash resources. Furthermore, there is the risk that our valuation assumptions, customer retention expectations and our models for an acquired product or business may be erroneous or inappropriate due to foreseen or unforeseen circumstances and thereby cause us to overvalue an acquisition target. There is also the risk that the contemplated benefits of an acquisition may not materialize as planned or may not materialize within the time period or to the extent anticipated.

RESPONSE TO INDUSTRY'S RAPID PACE OF CHANGE

We operate in markets that are experiencing constant technological change, evolving industry standards, changing customer needs, frequent new product and service introductions, and short product life cycles. Our success will depend in large part on how well we can anticipate and respond to changes in industry standards and introduce and upgrade new technologies, products and services and upgrade existing products and services. We may face additional financial risks as we develop new products, services and technologies and update them to stay competitive. Newer technologies, for example, may quickly become obsolete or may need more capital than expected. Development could be delayed for reasons beyond our control. Furthermore, substantial investment is usually required before new technologies become commercially viable. There is no assurance that we will be successful in developing, implementing and marketing new technologies, products, services or enhancements within a reasonable time, or that there will be a market for them. New products or services that use new or evolving technologies could make our existing ones unmarketable, or cause their prices to fall.

COMPETITION

The e-business market is intensely competitive, and we have many competitors with substantial financial, marketing, personnel and technological resources. New competitors may also appear as new technologies, products and services are developed. For example, the market for online classified ads in which we operate is a very competitive market. Some of our competitors have financial resources far superior than our own and operate under a business model different from ours. These competitors could affect our pricing strategies, and lower our revenues and net income. It could also affect our ability to retain existing customers and attract new ones.

DEFECTS IN SOFTWARE OR FAILURES IN PROCESSING OF TRANSACTIONS

Defects in our owned or licensed software products, delays in delivery, as well as failures or mistakes in our processing of electronic transactions could materially harm our business, including our customer relationships and operating results. Our operations are dependent upon our ability to protect our computer equipment and the information stored in our data centers against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although we have redundant and back-up systems for some of our services and products, these systems may be insufficient or may fail and result in a disruption of availability of our products or services to our customers. Any disruption to our services could impair our reputation and cause us to lose customers or revenues, or face litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business.

POTENTIAL RISKS OF USING "OPEN SOURCE" SOFTWARE

Like many other e-commerce companies, we use "open source" software in order to add functionality to our products and services quickly and inexpensively. We face certain risks relating to our use of open source code. Open source license terms may be ambiguous and may result in unanticipated or uncertain obligations regarding

our products and services. Our use of open source software could subject certain portions of our proprietary technology to the requirements of such open source software. That may have an adverse impact on our sale of the products or services incorporating the open source software. Other forms of open source software licensing present license compliance risks for us. If we fail to comply with the license obligations, we could be sued and/or lose the right to use the open source code. Our use of open source code could also result in us developing and selling products that infringe third-party intellectual property rights. It may be difficult for us to accurately determine the developers of the open source code and whether the code incorporates proprietary software.

INFRINGING ON THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS

We cannot be sure that our services and products do not infringe on the intellectual property rights of third parties, and we may have infringement claims asserted against us. These claims may be costly, harm our reputation, and prevent us from providing some services and products. We enter into licensing agreements with our clients for the right to use intellectual property that includes a commitment to indemnify the licensee against liability and damages arising from any third-party claims of patent, copyright, trademark or trade secret infringement. In some instances, the amount of these indemnity claims could be greater than the revenues we receive from the client. Furthermore, our e-business networks are platforms bringing together buyers and sellers to find, buy and sell different products and services. We have no control over the quality of products and services that our members display on our platforms and there may be incidents where these products or services infringe the intellectual property rights of third parties. Although we contractually limit our responsibility as it pertains to the content posted on our networks by users, it is possible that complaints alleging violation of intellectual property rights of third parties are made against us. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation, or require us to enter into royalty or licensing arrangements. Any limitation on our ability to sell or use products or services that incorporate challenged software or technologies could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

PROTECTING OUR INTELLECTUAL PROPERTY RIGHTS

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. Our general practice is to pursue patent, copyright, trademark, trade secret or other appropriate intellectual property protection that is reasonable and necessary to protect and leverage our intellectual assets. We also assert trademark rights in and to our name, product names, logos and other markings used to identify our goods and services in the marketplace. We routinely file for and have been granted trademark registrations from trademark offices worldwide. All of these actions taken allow us to enforce our intellectual property rights should the need arise. However, the laws of some countries in which we conduct business may offer only limited protection of our intellectual property rights; and despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

RETENTION OF KEY PERSONNEL

Our performance is substantially dependent on the performance of our key technical and senior management personnel. Our success is highly dependent on our continuing ability to identify, hire, train, motivate, promote, and retain highly qualified management, directors, technical, and sales and marketing personnel, including key technical and senior management personnel. Competition for such personnel is always strong. Our inability to attract or retain the necessary management, directors, technical services, sales and marketing personnel, or to

attract such personnel on a timely basis, could have a material adverse effect on our business, results of operations, financial condition and the price of our securities.

REGULATION

The activities of the Company are subject to various types of regulations, particularly laws relating to the protection of personal information, consumer protection and competition. For example, in Canada we are subject to the Personal Information Protection and Electronic Documents Act (the “PIPEDA”). The PIPEDA regulates how private sector companies collect, use or disclose personal information in the course of their commercial activities. This regulatory framework may restrict our marketing activities and our capacity to leverage our databases. In addition, we are subject to the Canadian Anti-Spam Law (“CASL”), which we are subject to, prohibits the transmission of commercial electronic message to an email address without consent and includes requirements relating to form and content. This regulatory framework also restricts our marketing activities. Furthermore, failure to comply with CASL can result in financial penalties which could affect the operating profit and financial position of the Company.

FAILURE TO PROTECT OUR DATABASES AND USERS PERSONAL INFORMATION

The Company maintains databases on the members of its platforms. These databases contain information on members, including personal information. Although we have established rigorous security procedures, member information stored in the databases could be subject to unauthorized access, use or disclosure. Any breach of security on our databases could harm our reputation, result in complaints and investigation by the authorities responsible for the enforcement of the laws on the protection of personal information or lead to legal claims from our customers or sanction measures from the authorities.

DOING BUSINESS IN EMERGING COUNTRIES

We are doing business in emerging countries. Certain risks are associated with conducting our business in emerging countries that could negatively impact our operating results, which include, but are not limited to:

- Language barriers, conflicting international business practices, and other difficulties related to the management and administration of a global business.
- Difficulties and costs of staffing and managing geographically disparate direct and indirect operations.
- Exchange rate fluctuations on the currencies.
- Multiple, and possibly overlapping, tax structures and the burden of complying with a wide variety of foreign laws.
- Trade restrictions and custom rates.
- The need to consider characteristics unique to technology systems used internationally.
- Economic or political instability in some markets.
- Other risk factors set out herein.

For instance, in the People’s Republic of China (the “PRC”), the Internet sector is strictly regulated in terms of foreign ownership and content restrictions. While many aspects of these regulations remain unclear, they purport to limit and require licensing of various aspects of the provision of Internet information services. These regulations have created substantial uncertainties regarding the legality of foreign investments and business operations in the PRC for companies who have consulting activities related to the Internet. We have the license enabling us to operate an e-commerce network in the PRC. It is however possible that we could cease to qualify as an authorized recipient of this license and that we could be unable to renew the license at the expiration of its term.

In these emerging countries where we operate, changes in laws, regulations or governmental policy, or the uncertainty associated with the interpretation of these laws and regulations affecting our business activities, may increase our costs, restrict our ability to operate our business or may make it difficult for us to enforce any rights we may have or to know if we are in compliance with all applicable laws, rules and regulations. Political, economic, social or other developments in the countries where we operate may cause us to change the way we conduct our business, suspend the launch of new or expanded services or force us to discontinue our operations altogether.

ECONOMIC CONDITIONS

Adverse economic conditions could result in a decline in our revenues. During an economic downturn, our customers and potential customers may cancel, postpone or delay their new commitments, which would affect the performance of the Company.

FOREIGN EXCHANGE

Our revenues are affected by fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. We generate approximately 38% of our revenues in U.S. dollars while approximately 16% of our operating expenses and cost of revenues are in U.S. dollars. As a result, any decrease in the value of the U.S. dollar relative to the Canadian dollar reduces the amount of Canadian dollar revenues we realize on sales, without a corresponding decrease in expenses. Exchange rate fluctuations are beyond our control, and the U.S. dollar may depreciate against the Canadian dollar in the future, which would result in lower revenues and margins. In order to reduce the potential negative effect of a weakening U.S. dollar, we have entered into agreements to hedge the value of a portion of our future U.S. dollar net cash inflows for periods of up to 18 months.

LIQUIDITY AND FINANCING RISKS

Our strategy aims to foster the organic growth of our operations and to make acquisitions. This strategy requires investments, which may come from cash from our operations, loans from credit agreement and issuance of securities from our capital stock. Our access to such funding sources may be limited by the ability of financial markets to meet our needs and the volatility of our stock price. If we are not able to obtain financing or if our cash flow does not allow us to repay our existing indebtedness according to the targets that we have fixed for ourselves, we might not achieve our growth objectives. In addition, rising interest rates could harm our ability to repay our debt, pay dividends and to execute our strategy accordingly.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated 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 consolidated 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

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and rely on assumptions and estimates that affect the amounts of the assets, liabilities, revenues and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates.

Explanations about the main assumptions and estimates are presented below:

REVENUE RECOGNITION

As mentioned in Note 2 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016, the Company uses assumptions to recognize some of the revenues from rights of use, i.e., the sale of classified ad packages. Management reviews these assumptions on a regular basis. Significant changes in these assumptions will have an impact on the Company's profit.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

At the end of each reporting period, the Company reviews the estimated useful lives of its property, plant and equipment and finite-life intangible assets. At the end of the fiscal year, management has determined that the useful lives of property, plant and equipment and finite-life intangible assets were appropriate.

MEASUREMENTS OF ASSETS

When applying the discounted future cash flows model to determine the fair value of groups of cash generating units to which goodwill is allocated, certain parameters must be used, including estimates of future cash flows, discount rates and other variables; a high degree of judgment must therefore be exercised. Impairment tests on property, plant and equipment and indefinite-life intangible assets are also based on similar assumptions. Any future deterioration of market conditions or poor operational performance could translate into an inability to recover the current carrying amounts of property, plant and equipment and intangible assets.

See Note 12 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016 for more information on goodwill impairment testing and Note 11 for the test of indefinite-life intangible assets.

BUSINESS COMBINATIONS

For business combinations, the Company must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Company must determine the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is measured as the excess of the acquisition cost over the Company's share in the fair value of all identified assets and liabilities. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the finite or indefinite useful lives of intangible assets acquired will have an impact on the Company's profit.

See Note 2 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016 for more information on the assumptions and estimates used.

DEFERRED TAXES

The Company is required to estimate the income taxes in each of the jurisdictions in which it operates. This includes estimating a value for existing net operating losses based on the Company's assessment of its ability to utilize them against future taxable income before they expire. If the Company's assessment of its ability to use the net operating losses proves inaccurate, this would impact the income tax expense and, consequently, affect the Company's profit in the relevant year. The Company may be audited by the tax authorities of different jurisdictions. Given that the determination of tax liabilities involves certain uncertainties in interpreting complex tax regulations, the Company uses management's best estimates to determine potential tax liabilities. Differences between the estimates and the actual amount of taxes are recorded in profit at the time they can be determined.

JUDGMENTS

The critical accounting policy judgments that have the greatest impact on amounts reported in the consolidated financial statements include the following:

DEFINITION OF CASH-GENERATING UNITS

The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each financial reporting period. If such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Determination of cash-generating units is based on management's best estimate of what constitutes the lowest level at which an asset or group of assets is able to generate cash inflows. The Company must also determine whether goodwill can be attributed to one or more cash-generating units.

See Note 12 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016, for more information on attributions of goodwill to cash-generating units and Note 11 for the attribution of indefinite-life intangible assets to cash-generating units.

FUTURES CHANGES IN ACCOUNTING POLICIES

IFRS 9 FINANCIAL INSTRUMENTS

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging, as these items are part of a separate IASB project that is currently ongoing. This final standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This standard introduces an amended hedging model that aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model that has an expanded scope, is based on expected credit losses rather than incurred credit losses and generally will result in earlier recognition of losses. This new standard supersedes all prior versions of IFRS 9. The Company has not yet examined the impacts of this new standard. IFRS 9 will apply to the Company for the annual period beginning on April 1, 2018.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 *Revenue from Contracts with Customers* establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company has not yet examined the impacts of this new standard. IFRS 15 will apply to the Company for the annual period beginning on April 1, 2018.

IFRS 16 LEASES

On January 13, 2016, the IASB issued IFRS 16, Leases, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 will be effective as of January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, Revenue from Contracts with Customers. The Company has not yet examined the impacts of this new standard. IFRS 16 will apply to the Company for the annual period beginning on April 1, 2019.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. These statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those expressed by these forward-looking statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond the control of the Company, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' Regulation 52-109 respecting *Certification of Disclosure in Issuers' Annual and Interim Filings*, certificates signed by the President and Chief Executive Officer and the Chief Financial Officer have been filed. These documents confirm the adequacy of the Company's disclosure controls and procedures and the design and effectiveness of its internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure controls and procedures of the Company have been designed in accordance with the rules of the Canadian Securities Administrators in order to provide reasonable assurance that material information related to the Company is made known to the Audit Committee and the Board of Directors and information required to be

disclosed in the Company's filings is recorded, processed, summarized and reported within the time period specified in securities legislation.

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the effectiveness of the Company's disclosure controls and procedures in accordance with the rules of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective for the fiscal year ended March 31, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The internal control over financial reporting has been designed in order to provide reasonable assurance that the financial information reported is reliable and that the financial statements were prepared in accordance with the Company's IFRS accounting policies.

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and the effectiveness of the Company's internal control over financial reporting and has concluded that such controls were effective for the fiscal year ended March 31, 2016.

There were no changes to the Company's internal control over financial reporting that had, or are reasonably likely to have, a material impact on the Company's internal control over financial reporting.

ADDITIONAL INFORMATION

This report has been prepared as at June 7, 2016.

At that date, the number of common shares outstanding was 14,998,979.

Additional information relating to the Company, including the Annual Information Form, is available on SEDAR at www.sedar.com.

MARKET AND TICKER SYMBOL

The Company's common shares trade on the Toronto Stock Exchange under the ticker symbol "MDF".

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Michel Dubé
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André Gauthier
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President
Holding André Gauthier Inc.

Gilles Laporte
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Gilles Laurin
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