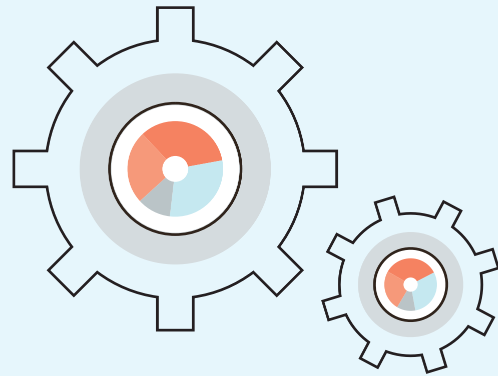
2015 Annual Report

Focus on Long Term Value Creation

MEDIAGRIF

E-SOURCING

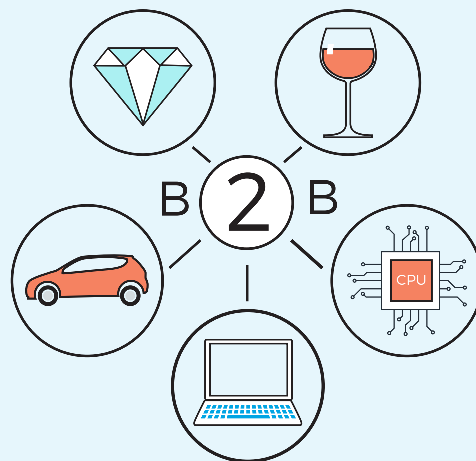
SUPPLY CHAIN



PROVIDE INNOVATIVE AND EFFICIENT E-COMMERCE SOLUTIONS

CONSUMERS

MARKET PLACES



OUR MISSION

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.

WHO WE ARE

In business since 1996, Mediagrif 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.

Our e-commerce solutions are used by millions of consumers and businesses in North America and around the world. Our qualified and experienced team of 400 employees is spread across our offices in Canada, the United States and China.

Our shares are traded in the Toronto Stock Exchange under the symbol "MDF." To learn more about us, visit our website at www.mediagrif.com.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

The results of fiscal year 2015 show that our actions to create long-term value for our customers, our employees and our shareholders are bearing fruit. The figures speak for themselves: our revenues continued to grow in 2015, reaching $70.2 million, an increase of 7% compared to 2014, while our operating profit grew to $20.9 million, up 22%.

OUR OUTSTANDING EFFORTS DURING FY 2015

On the technology front, we invested in our research and development capabilities to improve our service offering. Among others, we hired a mobile development team to enhance the accessibility of our platforms, in response to rapid changes in user demand. We also continued to invest in our hosting infrastructure to increase its capacity and optimize its performance.

On the operational side, we doubled the size of our team specializing in search engine optimization to maximize the positioning of our platforms. Also, the marketing of our e-sourcing solution by MERX in Canada has been very successful. The addition of management modules for supplier qualifications and performance are contributing to the adoption of our solution by both new and longstanding customers.

During 2015, we evaluated several acquisition opportunities, without concluding any transactions. Our disciplined acquisition strategy forces us to decline opportunities that do not meet our criteria. We will continue to do that until the right opportunity presents itself. We chose to allocate capital to repay debt and accelerate our share repurchase plan.

OUR BUSINESS STRATEGY FOR FISCAL YEAR 2016

Several projects await the attention of our teams in 2016. We will deploy every effort to increase the commercial presence of our e-sourcing platform and our electronic data interchange platform in both Canadian and American markets.

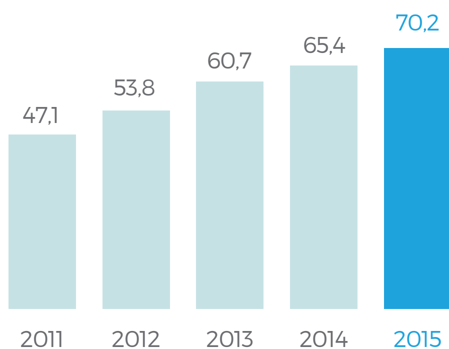
We will also continue to promote our LesPAC, Jobboom and Réseau Contact platforms to boost traffic and capture the interest of a greater number of Quebec consumers. In parallel, we will continue our efforts to increase the performance of other platforms in our portfolio.

We are confident that our favorable financial position will allow Mediagrif to seize interesting acquisition opportunities. We will continue on this path without losing sight of our acquisition criteria which consist in finding profitable North American companies, with robust business models, which are likely to create synergies with our operations.

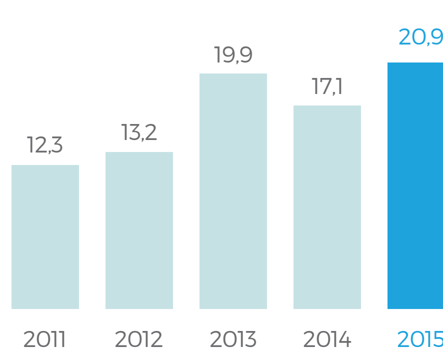
We wish to reiterate to Mediagrif shareholders our commitment to propel the company to new heights and focus on long-term value creation.

CLAUDE ROY
President and Chief Executive Officer

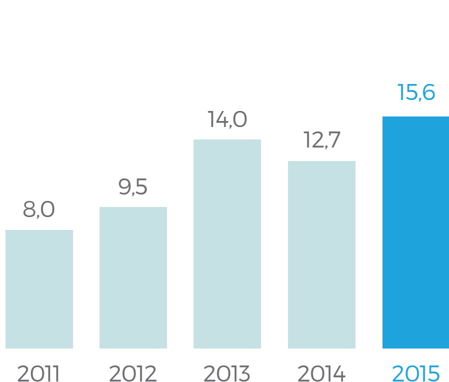
REVENUES
(IN MILLIONS OF CAN $)



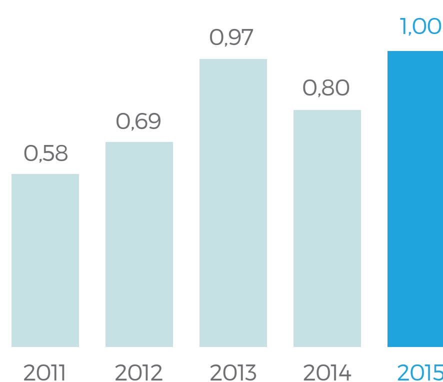
OPERATING PROFIT
(IN MILLIONS OF CAN $)



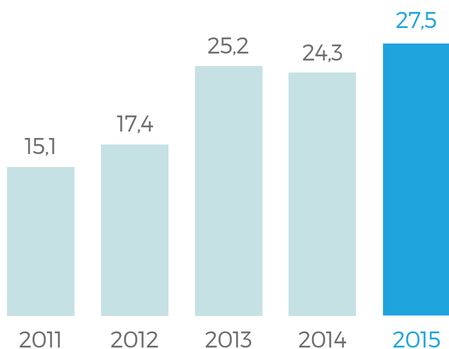
PROFIT FOR THE PERIOD
(IN MILLIONS OF CAN $)



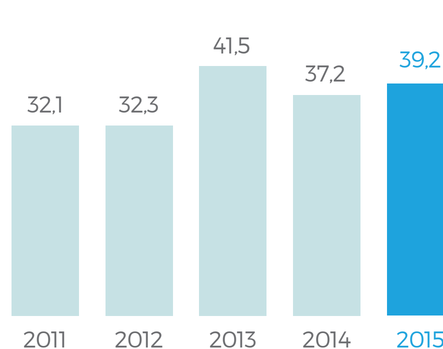
EARNINGS PER SHARE
(IN CAN $)



EBITDA
(IN MILLIONS OF CAN $)



ADJUSTED EBITDA MARGIN
(%)



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MARCH 31, 2015

The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at June 9, 2015, 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, 2015. This discussion and analysis compares performance for the fiscal years ended March 31, 2015 and 2014 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, 2015

- Revenues increased 7% to reach $70.2 million for fiscal year 2015, compared to $65.4 million for fiscal year 2014.
- Adjusted EBITDA[1] of $27.5 million or 39% of revenues for fiscal year 2015, compared to $24.3 million (including acquisition costs of $0.3 million) for fiscal year 2014.
- Profit of $15.6 million ($1.00 per share), compared to $12.7 million ($0.80 per share) for fiscal year 2014.
- Repurchase, under the normal course issuer bid in place, of 275,100 shares during the year for a consideration of $5.0 million.

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[1] See reconciliation of adjusted EBITDA and profit.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amounts. (unaudited) - IFRS	Years ended March 31				
	2015	2014	2013 [1]	2012	2011
	$	$	$	$	$
REVENUES	70,247	65,376	60,711	53,824	47,076
GROSS MARGIN	56,275	51,520	48,450	42,972	36,820
OPERATING EXPENSES					
General and administrative	8,475	8,571	7,896	10,398	8,158
Selling and marketing	14,637	14,110	10,377	9,567	8,656
Technology	12,303	11,748	10,313	9,778	7,661
TOTAL OPERATING EXPENSES	35,415	34,429	28,586	29,743	24,475
OPERATING PROFIT	20,860	17,091	19,864	13,229	12,345
Other revenues (expenses), net amount	1,174	879	(19)	640	(651)
(Financial expenses) interest income, net amount	(1,075)	(1,194)	(911)	(480)	253
Share of profit in a joint venture	217	162	215	-	-
Income tax expense	(5,543)	(4,227)	(5,176)	(3,884)	(3,952)
PROFIT FOR THE YEAR	15,633	12,711	13,973	9,505	7,995
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	27,509	24,331	25,165	17,365	15,112
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	24,082	22,236	18,018	12,285	10,277
EARNINGS PER SHARE – BASIC AND DILUTED	1.00	0.80	0.97	0.69	0.58
Declared dividends per share	0.40	0.40	0.37	0.32	0.35
Weighted-average number of shares outstanding (in thousands):					
Basic	15,711	15,833	14,421	13,705	13,784
Diluted	15,711	15,833	14,448	13,755	13,804
Stock options outstanding (in thousands)	-	-	-	105	158
TOTAL ASSETS	191,155	196,165	132,731	129,357	85,455
LONG-TERM DEBT (including current portion)	26,100	36,920	57	38,483	287

(1) Certain figures for fiscal year 2013 have been restated following the adoption of IFRS 11 "Joint arrangements". The financial information for the fiscal years ended March 31, 2012 and 2011 have not been restated.

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	Years ended March 31	
	2015	2014
In thousands of Canadian dollars (unaudited)	$	$
PROFIT FOR THE YEAR	15,633	12,711
Income tax expense	5,543	4,227
Depreciation of property, plant and equipment and amortization of intangible assets	1,586	1,154
Amortization of acquired intangible assets	4,971	6,048
Amortization of deferred financing costs	120	190
Amortization of deferred lease inducement	(125)	(124)
Foreign exchange gain	(1,174)	(881)
Interest on long-term debt and interest income, net amount	955	1,004
Other expenses	-	2
ADJUSTED EBITDA	27,509	24,331

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) as historically calculated by the Company. The Company modified the terminology used to comply with regulatory requirements.

PROFIT ANALYSIS

The profit analysis takes into consideration the impact of the acquisitions of Jobboom and Réseau Contact, respectively completed on June 1, 2013, and November 29, 2013.

FISCAL YEAR ENDED MARCH 31, 2015 “FISCAL YEAR 2015” COMPARED TO FISCAL YEAR ENDED MARCH 31, 2014 “FISCAL YEAR 2014”

Revenues

For fiscal year 2015, revenues totaled $70.2 million, an increase of 7% or $4.9 million compared to fiscal year 2014. This revenue increase is mainly explained as follows:

- Addition of revenues from Réseau Contact and Jobboom for an additional period of eight and two months respectively, for a total amount of $4.2 million.
- Increase in revenues from MERX, InterTrade and Carrus for an amount of $0.8 million.
- Decrease in revenues from The Broker Forum, Market Velocity and Power Source On-Line for a total amount of $1.3 million.
- Decrease in revenues from software development for an amount of $0.1 million.
- Increase of $1.3 million in revenues attributable to changes in the Canadian dollar against the U.S. dollar, combined with hedges in place.

During fiscal year 2015, revenues earned in Canadian dollars represented 66% of total revenues, compared to 63% for fiscal year 2013. The increase in revenues earned in Canadian dollars compared to revenues earned in U.S. dollars is mainly due to the addition of Jobboom and Réseau Contact (whose revenues are primarily in Canadian dollars), combined with lower revenues in certain business networks whose revenues are primarily in U.S. dollars.

Costs of revenues

Cost of revenues totaled $14.0 million during fiscal year 2015 compared to $13.9 million during fiscal year 2014. This increase is primarily due to higher labor costs of $0.2 million, higher commissions paid of $0.3 million in connection with higher advertising revenues and to an increase in amortization expense of $0.2 million.

These increases were partially offset by a reduction in professional fees of $0.2 million primarily related to the integration of Jobboom's operations during fiscal 2014, by a decrease in document printing costs of $0.3 million and by a decrease in expenses related to software maintenance of $0.1 million.

Gross margin

Based on the information above, gross margin for fiscal year 2015 reached 80.1% compared to 78.8% during fiscal year 2014.

Operating expenses

Operating expenses for fiscal year 2015 totaled $35.4 million, compared to $34.4 million for fiscal year 2014. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $8.5 million during fiscal year 2015 compared to $8.6 million during fiscal year 2014. The decrease is primarily due to lower professional service expenses of $0.3 million related to the acquisition of Jobboom and Réseau Contact during fiscal 2014, lower software license expenses of $0.1 million as well as a reduction in amortization expense of $0.1 million. This decrease was offset by higher labor costs of $0.4 million mostly related to the acquisition of Jobboom and Réseau Contact.
- Selling and marketing expenses totaled $14.6 million during fiscal year 2015, compared to $14.1 million during fiscal year 2014. The increase is primarily due to an increase in the sales workforce of $0.8 million, to higher advertising costs of $0.7 million (including those of Réseau Contact and Jobboom) and higher credit card fees of $0.1 million. These items were partially offset by a decrease in amortization expense of $0.8 million, a decrease in costs related to bad debts expenses of $0.1 million and lower professional service expenses of $0.2 million.
- Technology expenses totaled $12.3 million during fiscal year 2015, compared to $11.7 million during fiscal year 2014. This increase is primarily due to lower tax credits of $0.8 million, partially offset by lower professional services expenses of $0.2 million. The increase in the technology workforce of $1.2 million during fiscal year 2015 was offset by the recording of internally developed software of an equivalent amount.

Operating profit

Based on the information above, operating profit reached $20.9 million during fiscal year 2015, compared to $17.1 million during fiscal year 2014.

Foreign exchange gain

For fiscal year 2015, the Company realized a foreign exchange gain on assets denominated in U.S. dollars of $1.2 million, compared to $0.9 million during fiscal year 2014.

Financial expenses

Financial expenses totaled $1.1 million during fiscal year 2015 compared to $1.2 million for fiscal year 2014. They primarily consist of interest expenses and standby fees on long-term debt as well as amortization of

deferred financing costs. The decrease in financial expenses is mainly due to long term debt repayments made during fiscal year 2015.

Income tax expense

For fiscal year ended on March 31, 2015, income tax expense totaled $5.5 million, representing an effective tax rate of 26.2%, compared to the statutory rate of 26.9%. During fiscal year 2014, the effective tax rate stood at 25.0%.

During fiscal year 2015, the decrease in the effective tax rate compared to the statutory tax rate was mainly due to the fact that foreign exchange gains realized by the Company are non-taxable. This decrease was partially offset by a few prior years' adjustments recorded during fiscal year 2015.

During fiscal year 2014, the decrease in the effective tax rate compared to the statutory tax rate was due to some prior years' adjustments recorded during the year. Moreover, certain U.S. tax attributes not recognized in prior periods were recognized during fiscal year 2014. These positive effects on the effective tax rate were partially offset by the fact that a portion of revenues is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

Profit

Profit for fiscal year 2015 totaled $15.6 million ($1.00 per share), compared to $12.7 million ($0.80 per share) during fiscal year 2014.

FOURTH QUARTER ENDED MARCH 31, 2015 "FOURTH QUARTER OF FISCAL 2015"

	Three months ended March 31	
	2015	2014
In thousands of Canadian dollars, except per share amounts. (unaudited)	$	$
REVENUES	17,467	17,296
GROSS MARGIN	14,087	13,664
OPERATING EXPENSES		
General and administrative	2,183	2,039
Selling and marketing	3,924	3,788
Technology	2,607	3,166
TOTAL OPERATING EXPENSES	8,714	8,993
OPERATING PROFIT	5,373	4,671
Other revenues, net amount	854	401
Financial expenses	(195)	(330)
Share of profit of a joint venture	53	114
Income tax expense	(1,502)	(888)
PROFIT FOR THE PERIOD	4,583	3,968
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	6,750	6,767
Earnings per share – Basic and diluted	0.30	0.25
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	15,542	15,832

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	Three months ended March 31	
	2015	2014
In thousands of Canadian dollars	$	$
PROFIT FOR THE PERIOD	4,583	3,968
Income tax expense recognized in profit	1,502	888
Depreciation of property, plant and equipment and amortization of intangible assets	435	298
Amortization of acquired intangible assets	921	1,716
Amortization of deferred financing costs	-	47
Amortization of deferred lease inducement	(32)	(32)
Foreign exchange gain	(854)	(398)
Interest on long-term debt	195	283
Other revenues	-	(3)
ADJUSTED EBITDA	6,750	6,767

Revenues

For the fourth quarter of fiscal 2015, revenues totaled $17.5 million, an increase of $0.2 million when compared to the fourth quarter of fiscal 2014.

This increase in revenues is mainly explained by higher revenues from InterTrade and MERX for an amount of $0.4 million and to a positive impact of $0.5 million attributable to variation in the Canadian dollar against the U.S. dollar, combined with hedges in place.

This increase was partially offset by lower revenues in The Broker Forum, Jobboom, LesPAC and Power Source On-Line for a total of $ 0.7 million.

During the fourth quarter of fiscal 2015, revenues earned in Canadian dollars represented 64% of total revenues, compared to 65% for the fourth quarter of fiscal 2014.

Cost of revenues

Cost of revenues totaled $3.4 million during the fourth quarter of fiscal 2015 compared to $3.6 million during the fourth quarter of fiscal 2014. This decrease is primarily due to lower document printing costs of $0.2 million and to lower professional service fees of $0.1 million partially offset by an increase in amortization expense of $0.1 million.

Gross margin

Based on the information above, gross margin for the fourth quarter of fiscal 2015 reached 80.6%, compared to 79.0% in the fourth quarter of fiscal 2014.

Operating expenses

Operating expenses for the fourth quarter of fiscal 2015 totaled $8.7 million, compared to $9.0 million for the fourth quarter of fiscal 2014. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $2.2 million during the fourth quarter of fiscal 2015 compared to $2.0 million for the corresponding period of fiscal 2014. This increase in general and administrative expenses is primarily due to higher labor costs of $0.1 million and to termination benefits of $0.1 million.

- Selling and marketing expenses totaled $3.9 million during the fourth quarter of fiscal 2015, compared to $3.8 million for the fourth quarter of fiscal 2014. The increase in selling and marketing expenses is mainly due to higher advertising expenses of $0.3 million and to an increase in the sales workforce of $0.1 million. These items were partially offset by a decrease in amortization expense of $0.3 million.

- Technology expenses totaled $2.6 million during the fourth quarter of fiscal 2015, compared to $3.2 million during the corresponding period of fiscal 2014. This decrease was primarily due to a reduction in amortization expense of $0.5 million and to the recording of internally developed software for a net amount of $0.4 million. This decrease was partially offset by an increase in the technology workforce of $0.2 million and by lower tax credits of $0.1 million.

Operating profit

Based on the information above, operating profit reached $5.4 million during the fourth quarter of fiscal 2015, compared to $4.7 million during the fourth quarter of fiscal 2014.

Foreign exchange gain

During the fourth quarter of fiscal 2015, the Company realized a foreign exchange gain on assets denominated in U.S. dollars of $0.9 million, compared to $0.4 million in the fourth quarter of fiscal 2014.

Financial expenses

Financial expenses totaled $0.2 million during the fourth quarter of fiscal 2015 compared to $0.3 million during the corresponding period of fiscal 2014. These costs consist primarily of interest expenses and standby fees on the long-term debt and amortization of deferred financing costs. The decrease in financial expenses is mainly due to a lower level of long-term debt on average as at March 31, 2015 compared to March 31, 2014.

Income tax expense

For the fourth quarter of fiscal 2015, income tax expense totaled $1.5 million, representing an effective tax rate of 24.7%, compared to the statutory rate of 26.9%.

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

During the fourth quarter of fiscal 2014, the effective tax rate stood at 18.3% compared to a statutory rate of 26.9%. The significant decrease in the effective tax rate compared to the statutory tax rate was mainly due to some prior years' adjustments recorded during the fourth quarter of fiscal 2014. Moreover, certain U.S. tax attributes not recognized in prior periods were recognized during the fourth quarter of fiscal 2014.

Profit

Profit for the fourth quarter of fiscal 2015 totaled $4.6 million ($0.30 per share), compared to $4.0 million ($0.25 per share) during the fourth quarter of fiscal 2014.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before March 31, 2015, is as follows:

Unaudited and not reviewed by independent auditors	March 31 2015 $	Dec. 31 2014 $	Sept. 30 2014 $	June 30 2014 $	March 31 2014 $	Dec. 31 2013 $	Sept. 30 2013 $	June 30 2013 $
Revenues	17,467	17,537	17,512	17,731	17,296	16,427	15,955	15,698
Operating profit	5,373	5,397	5,199	4,891	4,671	4,144	4,437	3,839
Adjusted EBITDA	6,750	7,003	7,137	6,619	6,767	6,072	6,188	5,304
Profit	4,583	4,056	3,862	3,132	3,968	3,010	2,814	2,919
Basic and diluted earnings per share	0.30	0.26	0.24	0.20	0.25	0.19	0.18	0.18

In thousands of Canadian dollars, except per share amounts.

2015 Quarters

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

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

  The profit increased primarily due to a higher foreign exchange gain of $0.6 million and lower financial expenses during the quarter compared to previous quarter.

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

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

  The 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 mainly explained by seasonal variations. The increase in revenues from MERX and InterTrade during the quarter partially offset this decrease.

  Otherwise, the increase in operating profit and adjusted EBITDA is mainly attributable to lower seasonal advertising and promotion costs of $0.3 million, lower salary and benefits and additional tax credits.

  The profit has also increased due to foreign exchange gain of $0.4 million during the second quarter compared to foreign exchange loss of $0.2 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 depreciation expense and by the

recognition of internally developed software. Furthermore, operating profit and adjusted EBITDA were affected by the increase of seasonal advertising and promotion and by reduced tax credits.

Meanwhile, the profit has decreased 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 the fourth quarter of fiscal 2014 due to some prior years' adjustments recorded in the fourth quarter of fiscal 2014.

2014 Quarters

- Fourth quarter: Improvement in financial results in the fourth quarter is primarily due to the increase in contribution from Jobboom, the contribution of Réseau Contact for a first full quarter and, to a lesser extent, the additional contribution from MERX and to our joint venture Global Wines & Spirits. In addition, profit was positively impacted by a lower tax expense compared to the previous quarters.
- Third quarter: The positive impact on revenues during the third quarter of fiscal 2014 is due to the increase in the contribution from Jobboom and the addition of Réseau Contact. Operating profit and adjusted EBITDA declined, mainly due to termination benefits. Meanwhile profit has benefited from a foreign exchange gain of $0.2 million compared to a foreign exchange loss of $0.2 million in the previous quarter.
- Second quarter: The increase in revenues, operating profit and EBITDA is primarily due to the addition of Jobboom activities for a first full quarter and to the increase in revenues from InterTrade. Moreover, the results of the previous quarter included non-recurring acquisition costs of $0.2 million. Profit is lower during the current quarter due to a $0.3 million foreign exchange loss compared to a $0.4 million foreign exchange gain during the first quarter of fiscal 2014.
- First quarter: Compared to the fourth quarter of fiscal 2013, revenues increased due to the addition of Jobboom and to the increase in revenues from LesPAC, partially offset by the decrease in revenues from MERX. The operating profit, EBITDA and profit declined due to seasonal advertising and promotion expenses, acquisition costs, termination benefits and by the addition of Jobboom expenses.

LIQUIDITY AND FINANCIAL RESOURCES

In general, the Company finances its operations, capital expenditures, dividends, repurchase of common shares 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 section "Financing Activities – Credit Agreement") or issue new shares to fund its operations including business acquisitions.

As at March 31, 2015, the Company had cash and cash equivalents of $7.5 million and $33.9 million available on its revolving facility of $60.0 million, subject to compliance with financial ratios.

OPERATING ACTIVITIES

	Years ended on March 31	
	2015	2014
In thousands of Canadian dollars	$	$
Cash flows related to operating activities before changes in non-cash working capital items	21,948	19,788
Changes in non-cash working capital items	2,134	2,448
Cash flows related to operating activities	24,082	22,236

For fiscal year 2015, cash flows generated by operating activities reached $24.1 million, compared to $22.2 million for fiscal year 2014. The variation is mainly due to the increase in profit during the fiscal year 2015.

INVESTING ACTIVITIES

In thousands of Canadian dollars	Years ended on March 31 2015 $	 2014 $
Consideration transferred on business combination, net of acquired cash	-	(59,146)
Acquisition of property, plant and equipment	(766)	(1,061)
Acquisition of intangible assets	(1,718)	(314)
Proceeds on disposal of property, plant and equipment	-	3
Cash flows related to investing activities	(2,484)	(60,518)

Cash flows used by investing activities amounted to $2.5 million for fiscal year 2015 compared to $60.5 million in the previous fiscal year. Changes in cash flows related to investing activities is mainly due to the fact that during the fiscal year 2014, the Company completed the acquisition of Jobboom and Réseau Contact while there were no business acquisitions during fiscal year 2015.

Acquisitions of intangible assets totaled $1.7 million during fiscal year 2015 compared to $0.3 million during fiscal year 2014. Additions to intangible assets during fiscal 2015 include an amount of $1.2 million of internally developed software (nil in fiscal year 2014).

FINANCING ACTIVITIES

In thousands of Canadian dollars	Years ended on March 31 2015 $	 2014 $
Increase of long-term debt	-	56,000
Repayment of long-term debt	(10,940)	(19,017)
Repurchase of common shares for cancellation	(4,957)	(312)
Lease inducement received	79	-
Cash dividends paid on common shares	(6,302)	(6,334)
Cash flows related to financing activities	(22,120)	30,337

For fiscal 2015, cash flows used for financing activities amounted to $22.1 million compared to $30.3 million generated during fiscal year 2014.

During fiscal 2015, the Company had repaid, from its cash and cash equivalents, an amount of $10.9 million on its revolving credit facility and repurchased, under the normal course issuer bid in place, a total of 275,100 shares for an amount of $5.0 million.

The amount paid in dividends by the Company remained unchanged at $6.3 million during fiscal 2015 compared to the corresponding period of fiscal 2014. The quarterly dividend has also remained the same at $0.10 per share over both periods ended March 31, 2015 and 2014.

CREDIT AGREEMENT

On November 10, 2011, the Company entered into a credit agreement (the “Credit Agreement”) with two Canadian financial institutions pursuant to which lenders made available to the Company a $60.0 million secured revolving five-year credit facility (the “Revolving Facility”) for general corporate purposes, including acquisitions, and an accordion loan of $40.0 million subject to lenders’ acceptance.

The Revolving Facility expires on November 9, 2016 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, 2015, the Company's Revolving Facility stood at $26.1 million.

The Revolving Facility bear interest at a rate based either on Canadian prime rate, LIBOR or bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to earnings before interest, taxes, depreciation and amortization "EBITDA". As at March 31, 2015, the actual rate was 1.00% and the margin was 1.50%. In addition, the unused portion of the Revolving Facility bears interest at 0.30% as standby fees.

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

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, 2015, 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, 2015, the Company had cash and cash equivalent of $7.5 million and $33.9 million available on its credit facility of $60.0 million. At that same date, total assets of the Company amounted to $191.2 million compared to $196.2 million as at March 31, 2014.

INFORMATION FROM STATEMENT OF FINANCIAL POSITION	Years ended on March 31	
	2015	2014
In thousands of Canadian dollars	$	$
Cash and cash equivalents	7,546	6,937
Accounts receivable	5,691	6,598
Intangible assets	1,719	549
Acquired intangible assets	60,704	65,675
Goodwill	100,280	100,280
Accounts payable and accrued liabilities	6,861	6,202
Deferred revenues	16,473	16,175
Income taxes payable	1,084	482
Derivative financial instruments	1,431	669
Long-term debt	26,100	36,920

The main changes in the Company's statement of financial position between March 31, 2015 and 2014 are explained as follows:

- Accounts receivable reached $5.7 million as at March 31, 2015, a decrease of $0.9 million compared to March 31, 2014. This variation is mainly attributable to the decrease in accounts receivable of Jobboom, Market Velocity and Carrus.
- Total of intangible assets increased from $0.5 million as at March 31, 2014 to $1.7 million as at March 31, 2015. This increase is mainly explained by the recording of internally developed software during fiscal 2015.
- Total acquired intangible assets totaled $60.1 million as at March 31, 2015, compared to $65.7 million as at March 31, 2014. This decrease results from the amortization recorded during the fiscal 2015.

- Accounts payable and accrued liabilities of $6.9 million as at March 31, 2015, increased by $0.7 million compared to March 31, 2014. This increase is due to higher accrued termination benefits and other accrued liabilities.
- Derivative financial instruments totaled $1.4 million as at March 31, 2015, which represents an increase of $0.8 million when compared to March 31, 2014. The variation is explained by the difference between effective exchange rates on foreign currency forward contracts and exchange market rates as at March 31, 2014 and 2015, respectively.
- Long-term debt totaled $26.1 million as at March 31, 2015, compared to $36.9 million as at March 31, 2014. This decrease reflects the long-term debt repayments made during fiscal 2015.

CONTRACTUAL OBLIGATIONS

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

	Total	2016	2017 2018	2019 2020	2021 and following
In thousands of Canadian dollars	$	$	$	$	$
Long-term debt	26,100	-	26,100	-	-
Operating leases	7,155	1,402	2,364	2,085	1,304
Total contractual obligations	33,255	1,402	28,464	2,085	1,304

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 24 to the Company's audited consolidated financial statements as at March 31, 2015.

The Company's hedging program will yield an average (CA$/US$) exchange rate of 1.1418 on foreign currency forward contracts of US $11.3 million held as at March 31, 2015, which will mature over fiscal years 2016 and 2017. As at March 31, 2014, the Company had foreign currency forward contracts of US $12.2 million held at a rate of 1.0565.

During fiscal year ended March 31, 2015, there has been no material change to the nature of risks arising from financial instruments, related risk management and 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 statements of financial position.

RELATED PARTY TRANSACTIONS

The Company holds a 50% ownership 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 2015, the Company recorded revenues of $1.6 million from transactions with GWS compared to $1.8 million during fiscal year 2014. In addition, the Company recharged to GWS operating expenses in the amount of $0.3 million during fiscal years 2015 and 2014. As at March 31, 2015, and March 31, 2014, the Company's accounts receivable from GWS stood at $0.1 million.

In addition, the Company had a lease agreement which expired on December 31, 2013, with a company of which one of its officers is a director. This company owns an office space where the Company exercised a portion of its business. Therefore, the Company has not incurred any costs related to this space during the fiscal year ended March 31, 2015, while for fiscal year ended March 31, 2014, minimum payments related to this space totaled $56,535.

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, and 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 revenue, 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 offerings 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 offerings. 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 revenue 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 34% of our revenues in U.S. dollars while approximately 15% 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 fiscal year ended March 31, 2015, 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 13 to the Company's audited consolidated financial statements for fiscal year ended March 31, 2015 for more information on goodwill impairment testing and Note 12 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 fiscal year ended March 31, 2015 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 13 to the Company's audited consolidated financial statements for fiscal year ended March 31, 2015, for more information on attributions of goodwill to cash-generating units and Note 12 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* ("IFRS 9"), which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and it 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 which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which 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 tentatively for the annual period beginning on April 1, 2018.

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 expected 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 controls and procedures for disclosure of the Company and the design and effectiveness of its internal controls regarding 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 efficient for the fiscal year ended March 31, 2015.

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.

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 efficient for the fiscal year ended March 31, 2015.

There were no changes in internal control over financial reporting of the Company which has had, or is reasonably likely to materially affect, the Company's internal control over the financial information.

ADDITIONAL INFORMATION

This report has been prepared as at June 9, 2015.

As of that date, the number of common shares outstanding was 15,542,255.

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

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND MARCH 31, 2014

MANAGEMENT'S REPORT

TO THE SHAREHOLDERS OF
MEDIAGRIF INTERACTIVE TECHNOLOGIES INC. / TECHNOLOGIES INTERACTIVES MEDIAGRIF INC.

The consolidated financial statements of Mediagrif Interactive Technologies Inc./Technologies Interactives Mediagrif Inc. (the "Company") as well as the information provided in the Management's Discussion and Analysis are the responsibility of management and are approved by the Board of Directors.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In accordance with these standards, management makes estimates and assumptions that are reflected in the consolidated financial statements and accompanying notes to the consolidated financial statements.

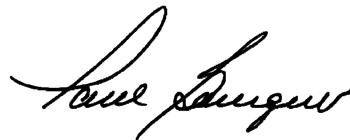
To provide assurance that the consolidated financial statements are, in all material respects, accurate and complete, management relies on an internal control system.

The internal control system includes management's communication of the internal policies on ethical business conduct to employees. In management's opinion, the internal controls provide reasonable assurance that its financial documents are reliable and form a sound basis for preparing consolidated financial statements, and that its assets are properly accounted for and safeguarded.

The Board of Directors carries out its financial reporting responsibilities mainly through its Audit Committee, which is made up solely of independent directors. The Audit Committee, management and external auditors meet to review the consolidated financial statements and the internal controls over financial reporting. The Audit Committee reviews the Company's annual consolidated financial statements and makes appropriate recommendations that the Board of Directors must consider when approving the consolidated financial statements issued to the shareholders. The external auditors have free access to the Audit Committee, with or without the presence of management.

Deloitte LLP, appointed by the shareholders as the Company's independent auditor, have audited these consolidated financial statements.

Claude Roy
President and Chief Executive Officer



Paul Bourque
Chief Financial Officer

June 9, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MEDIAGRIF INTERACTIVE TECHNOLOGIES INC. / TECHNOLOGIES INTERACTIVES MEDIAGRIF INC.

We have audited the accompanying consolidated financial statements of Mediagrif Interactive Technologies Inc., which comprise the consolidated statements of financial position as at March 31, 2015 and March 31, 2014, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows for the years ended March 31, 2015 and March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mediagrif Interactive Technologies Inc. as at March 31, 2015 and March 31, 2014, and its financial performance and its cash flows for the years ended March 31, 2015, and March 31, 2014, in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

June 9, 2015
Montreal, Canada

[1] CPA auditor, CA, public accountancy permit No. A118581

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2015 AND MARCH 31, 2014

In thousands of Canadian dollars, except per share amount	2015 $	2014 $
Revenues (Note 6)	70,247	65,376
Cost of revenues	13,972	13,856
Gross margin	56,275	51,520
Operating expenses		
General and administrative (Note 7)	8,475	8,571
Selling and marketing	14,637	14,110
Technology (Note 17)	12,303	11,748
	35,415	34,429
Operating profit	20,860	17,091
Other revenues, net amount (Note 22 b))	1,174	879
Financial expenses, net amount (Note 22 c))	(1,075)	(1,194)
Share of profit of a joint venture (Note 9)	217	162
Profit before income taxes	21,176	16,938
Income tax expense (Note 20)	5,543	4,227
Profit for the year	15,633	12,711
Earnings per share		
Basic and diluted	1.00	0.80
Weighted-average number of shares outstanding		
Basic and diluted	15,711,474	15,833,227
Number of shares outstanding at end of year	15,542,255	15,817,355

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2015 AND MARCH 31, 2014

In thousands of Canadian dollars	2015 $	2014 $
Profit for the year	15,633	12,711
Items that may be reclassified subsequently in profit or loss		
Change in unrealized losses on foreign currency forward contracts designated as hedging items, net of deferred taxes of $378 ($238 in 2014)	(1,028)	(648)
Reclassification of realized losses on foreign currency forward contracts, net of deferred taxes of $173 ($91 in 2014)	471	246
	(557)	(402)
Comprehensive income for the year	15,076	12,309

Refer to the notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2015, MARCH 31, 2014

In thousands of Canadian dollars	As at March 31, 2015 $	As at March 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	7,546	6,937
Cash held for the benefit of third parties (Note 10)	666	905
Accounts receivable (Note 24)	5,691	6,598
Tax credits receivable	3,947	4,267
Prepaid expenses and deposits	1,986	2,368
	19,836	21,075
Non-current assets		
Property, plant and equipment (Note 11)	2,084	2,356
Intangible assets (Note 12)	1,719	549
Acquired intangible assets (Note 12)	60,704	65,675
Goodwill (Note 13)	100,280	100,280
Investment in a joint venture (Note 9)	587	370
Deferred taxes (Note 20)	5,945	5,860
	191,155	196,165
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	6,861	6,202
Other accounts payable (Note 10)	1,229	1,657
Income taxes payable	1,084	482
Deferred revenues	16,473	16,175
Derivative financial instruments	1,431	669
Current portion of deferred lease inducement	150	124
	27,228	25,309
Non-current liabilities		
Long-term debt (Note 14)	26,100	36,920
Deferred lease inducement	661	733
Deferred taxes (Note 20)	15,063	14,945
	69,052	77,907
Shareholders' equity		
Share capital (Note 15)	81,695	83,141
Reserves	2,167	2,724
Retained earnings	38,241	32,393
	122,103	118,258
	191,155	196,165

Refer to the notes to the consolidated financial statements

Approved by the Board of Directors,

Gilles Laurin
Director

Claude Roy
Director

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED MARCH 31, 2015 AND MARCH 31, 2014

For the year ended March 31, 2015

		Reserves				
	Share capital	Equity-settled employee benefits	Cash flow hedging	Total	Retained earnings	Total
In thousands of Canadian dollars	$	$	$	$	$	$
Balance as at March 31, 2014	83,141	3,213	(489)	2,724	32,393	118,258
Profit for the year	-	-	-	-	15,633	15,633
Other comprehensive income for the year, net of income tax	-	-	(557)	(557)	-	(557)
Comprehensive income for the year	-	-	(557)	(557)	15,633	15,076
Repurchase of common shares for cancellation (Note 15)	(1,446)	-	-	-	(3,511)	(4,957)
Dividends declared on common shares	-	-	-	-	(6,274)	(6,274)
Balance as at March 31, 2015	81,695	3,213	(1,046)	2,167	38,241	122,103

For the year ended March 31, 2014

		Reserves				
	Share capital	Equity-settled employee benefits	Cash flow hedging	Total	Retained earnings	Total
In thousands of Canadian dollars	$	$	$	$	$	$
Balance as at March 31, 2013	83,227	3,213	(87)	3,126	26,242	112,595
Profit for the year	-	-	-	-	12,711	12,711
Other comprehensive income for the year, net of income tax	-	-	(402)	(402)	-	(402)
Comprehensive income for the year	-	-	(402)	(402)	12,711	12,309
Repurchase of common shares for cancellation (Note 15)	(86)	-	-	-	(226)	(312)
Dividends declared on common shares	-	-	-	-	(6,334)	(6,334)
Balance as at March 31, 2014	83,141	3,213	(489)	2,724	32,393	118,258

Refer to the notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2015 AND MARCH 31, 2014

In thousands of Canadian dollars	2015 $	2014 $
CASH FLOWS RELATED TO		
Operating activities		
Profit for the year	15,633	12,711
Adjustments for the following items:		
Amortization and depreciation (Note 18)	6,557	7,202
Amortization of deferred lease inducement	(125)	(124)
Amortization of deferred financing costs	120	190
Interest expense	955	1,019
Foreign exchange	(1,432)	(636)
Share of profit of a joint venture	(217)	(162)
Deferred taxes	777	844
Loss on disposal of property, plant and equipment	-	5
Income tax expense recognized in profit	4,766	3,383
Changes in non-cash working capital items (Note 22 a))	2,134	2,448
Interest paid	(922)	(1,104)
Income taxes paid	(4,164)	(3,540)
	24,082	22,236
Investing activities		
Consideration transferred on business combination, net of acquired cash (Note 7)	-	(59,146)
Acquisition of property, plant and equipment	(766)	(1,061)
Acquisition of intangible assets	(1,718)	(314)
Proceeds on disposal of property, plant and equipment	-	3
	(2,484)	(60,518)
Financing activities		
Increase of long-term debt	-	56,000
Repayment of long-term debt	(10,940)	(19,017)
Repurchase of share capital for cancellation (Note 15)	(4,957)	(312)
Lease inducement received	79	-
Cash dividends paid on common shares	(6,302)	(6,334)
	(22,120)	30,337
Net change in cash and cash equivalents for the year	(522)	(7,945)
Impact of exchange rate changes on cash and cash equivalents	892	636
Cash and cash equivalents at beginning of year	7,842	15,151
Cash and cash equivalents at end of year	8,212	7,842
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	7,546	6,937
Cash held for the benefit of third parties	666	905

Refer to the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND MARCH 31, 2014

1 INCORPORATION AND NATURE OF OPERATIONS

Mediagrif Interactive Technologies Inc. (the "Company") provides e-business solutions to consumer and businesses. It operates its activities through its wholly-owned subsidiaries. The Company also owns interests in a joint venture (Note 9).

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, East Tower, Suite 255, Longueuil, Québec, Canada.

The Board of Directors approved the consolidated financial statements on June 9, 2015. Amounts are expressed in Canadian dollars, unless indicated otherwise.

2 SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The significant accounting policies described below have been applied to all periods presented in these financial statements. The accounting policies are consistent with International Financial Reporting Standards (IFRS) and interpretations currently issued and outstanding, relating to fiscal year ended March 31, 2015.

BASIS OF PREPARATION

The 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. These consolidated financial statements have been prepared on a going-concern basis. The principal accounting policies are set out below.

SCOPE AND BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its subsidiaries. Participation in a joint venture is recognized using the equity method.

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 those 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 the subsidiaries is attributed to the Company's owners.

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

Interest in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require 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 Company accounts for its interests in a joint venture using the equity method, 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 Company records its share of the result of the joint venture.

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

Transactions between the Company and its joint venture have been measured to the amount of consideration agreed to by the parties.

FOREIGN CURRENCY TRANSLATION

The Company's functional and presentation currency is the Canadian dollar. The functional currency of all the Company'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 for the year. Foreign exchange gains and losses are included in Other revenues (expenses).

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when a Company's entity becomes party to the contractual provisions of a financial instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets and liabilities measured at fair value through profit or loss) are either added to or deducted from, whichever the case, the fair value of financial assets or liabilities upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities measured at fair value through profit or loss are immediately recognized in profit.

The Company derecognizes financial assets and liabilities if, and only if, its obligations have been settled, cancelled or have expired. A financial asset is derecognized if the contractual rights on the related cash flows are expiring, or if the asset is transferred and the transfer may be subject to derecognition.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all commissions that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial asset or liability or, when appropriate, a shorter period.

Transaction costs consist primarily of legal, accounting, and underwriter fees and other costs directly attributable to the issuance of the related financial instruments.

Deferred financing costs

Financing costs paid during the establishment of the Revolving Facility are recognized against the long-term debt and amortized using the effective interest rate method over the expected term of the Revolving Facility. When the Revolving Facility is paid in full, the deferred financing costs are presented as an asset because they are attached to a revolving facility that still exists and is still available for use.

Impairment loss on financial assets

Financial assets, other than assets measured at fair value through profit or loss, are tested for impairment at each reporting date. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset on the estimated future cash flows of the asset. For certain classes of financial assets, such as accounts receivable, those assets that do not incur impairment losses individually are then collectively assessed for impairment.

For financial assets recognized at amortized cost, the impairment loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying value of the asset is directly reduced by the impairment for all financial assets, with the exception of accounts receivable, whose carrying value is reduced through the use of an allowance account.

Aside from equity instruments and available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively tied to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the income statement to the extent the carrying value of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Classification and measurement

The Company 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 Company has made the following classifications:

- Cash and cash equivalents 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 profit or loss and are measured at fair value. Gains and losses from the periodic remeasurement are recognized in profit or loss.
- Accounts payable and accrued liabilities, other accounts payable 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 Company's revenues and operating expenses is denominated in U.S. dollars. The Company uses foreign currency forward contracts 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. More detailed information on derivative financial instruments is provided in Note 24.

The fair value of instruments that qualify for cash flow hedging is reported on the Consolidated 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 measured both at the inception of the hedge 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 the profit or loss of the period during which the hedging relationship ceases to be effective.

A derivative is presented as a non-current asset or a non-current liability if the remaining term to maturity of the instrument is over 12 months and if it is not expected to be realized or settled within 12 months. The other derivatives are presented as current assets or current liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and liquid investments that are readily convertible in the short-term and have a maturity date of less than three months from the date of acquisition, into a known amount of cash and for which the risk of a variation in value is negligible.

REBATES AND ACCOUNTS RECEIVABLE AND PAYABLE ARISING FROM DISPOSITIONS AND FROM ESCROW TRANSACTIONS

The Company's services include administering a rebate program and running a used equipment trade-in program for certain customers. As part of these services, the Company 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 other party to the transaction. Financial statement amounts related to these transactions are described in Note 10.

The amount received up to the reporting date but not remitted to the other party is presented on the Consolidated Statement of Financial Position as Cash held for the benefit of third parties.

The Company also offers an escrow service. As part of this service, the Company is named as an escrow agent to receive, hold and transfer funds. The Company receives cash that is released, minus any related fees, costs or charges, once the transaction between seller and buyer is finalized. The cash received is also presented on the Consolidated Statement of Financial Position as Cash held for the benefit of third parties.

The corresponding amount is presented on the Consolidated Statement of Financial Position as Other accounts payable.

REVENUE RECOGNITION

Revenues derived from e-business industry are generated from the rights of use, transaction fees, advertising, software development as well as from integration, maintenance and hosting services. In all cases, revenues generated in the normal course of business 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, delivery has occurred or the service has been rendered, the price is fixed or determinable, and collection of the related receivable is reasonably assured. Revenues arising 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 revenue-recognition policies, the following specific revenue-recognition policies are applied to the Company's main sources of revenue:

- Revenues from rights of use are recognized on a straight-line basis over the term of the agreement or in some cases, when the service is used. Certain rights of use revenues are generated from the sale of classified ad packages. These revenues are recognized on a straight-line basis over the estimated life as of the date the ad is posted. The estimated life is determined based on historical data for each type of ad. An estimate based on the historical data is also used to determine ads that will never be posted, and consequently are recognized as revenue upon receipt of payment.
- Transaction fees are recognized when the transaction occurs.
- Revenues from advertising are recognized on a straight-line basis over the term of the campaign.
- Software development revenues are recognized using the percentage-of-completion method. The degree of completion is determined by dividing the cumulative costs incurred at the closing date by the sum of incurred and estimated costs to complete the contract.
- Revenues from integration, maintenance and hosting services are recognized on a straight-line basis over the term of the agreement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized over the estimated useful lives of the related assets using the following methods and periods:

	Method	Period
Office furniture	Straight-line	3 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 methods are reviewed at the end of each financial reporting period, and the impact of any change in estimate is accounted for on a prospective basis.

Items of property, plant and equipment are derecognized upon disposal 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 property, plant and equipment 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 financial reporting period, the Company reviews the carrying amounts of its property, plant and equipment and finite-life 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 Company estimates the recoverable amount of the cash-generating unit 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.

Certain trademarks acquired in business combinations have been identified as having indefinite lives as they are highly recognizable in the market and there is no foreseeable time limit to their ability to generate revenues.

Cash-generating units to which indefinite-life trademarks have been allocated are 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 proportionately across the assets of the unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. To measure value in use, estimated future cash flows are discounted to their present value using a 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 are purchased to meet the Company's technology needs and are recognized at cost less accumulated amortization and accumulated impairment losses. Intangible assets also include 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 and accumulated impairment losses. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three to five years.

Acquired intangible assets

Acquired intangible assets consist of client bases, technologies, finite- and indefinite-life trademarks and databases acquired from business acquisitions. They are recorded at cost (i.e., the acquisition-date fair value), less accumulated impairment losses and amortization. Acquired intangible assets, except for indefinite-life trademarks that are not amortized but are assessed for impairment annually, are amortized on a straight-line basis over their respective estimated useful lives, using the following periods:

Category	Period
Client bases	3 to 10 years
Technologies	3 to 5 years
Finite-life trademarks	10 years
Databases	5 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each financial reporting period, and the impact of any change in estimates 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 proceeds from the disposal of the asset and its carrying amount, are recognized in profit or loss when the asset is derecognized.

Internally-generated assets

Technology expenses are expensed as incurred, except for certain internally-developed software and website costs, in particular enhancements to the Company's websites, which are capitalized when the criteria related to future economic benefits and measurement of cost are met. In which case these costs are 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 acquisitions are accounted for under 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 Company, liabilities incurred by the Company to the former owners of the acquiree, and the equity interests issued by the Company 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 the acquisition-date fair value, 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 Company 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.

Deferred revenues from business combinations are recognized at fair value. This corresponds to the future costs to perform the services, the collection of which took place before the acquisition, plus a profit margin. This profit margin is the average margin the Company realized for the delivery of the same kind of service.

The fair value of acquired intangible assets is determined as follows:

Trademarks are recognized at fair value according to the avoided royalties' method. Acquired technology is evaluated using the replacement cost method. It estimates the cost to rebuild a platform by adding the estimated loss of profits during the reconstruction. The multiperiod excess earnings method is used to calculate the value of customer relationships. The avoided royalties method, the replacement cost method and the multi-period excess earnings method are all primarily based upon expected discounted cash flows according to currently available information, such as historical and projected revenues, the probability of renewal of each contract and certain other relevant assumptions.

Goodwill is measured as the excess of the total 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 balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after remeasurement, the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the total 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 Company's cash-generating units (or groups of cash-generating units) that is 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 an 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 first allocated 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 of 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 Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Company 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 financial 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.

LEASES

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 Company 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.

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 inducements

Deferred lease inducements refer to the reimbursement of leasehold improvement expenses and free or preferential 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, in October 2020 and in May 2022. Amortization is recorded as a reduction of the rent expense in the Consolidated Statement of Income.

The Company as a lessee of a finance lease

Assets held under finance leases are initially recognized as Company 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 Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

INCOME TAXES

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

Current taxes

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 Company's liability for current taxes is calculated using tax rates that have been enacted or substantively enacted by the end of the financial reporting period.

Deferred taxes

The Company recognizes income taxes using the asset-liability approach. Under this method, deferred 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 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 Company expects, at the end of the financial reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the year

Current and deferred taxes 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 taxes are also recognized, respectively, in other comprehensive income or directly in equity. Where current taxes or deferred taxes arise from the initial accounting for a business combination, the tax impact 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 Company 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 Company's salaries have rendered the related services.

3 NEW AND REVISED IFRS, ISSUED BUT NOT YET EFFECTIVE

Standard and interpretation	Effective date for the Company	Presentation and impact on the Company
IFRS 9 *Financial Instruments*	Annual period beginning on April 1, 2018	On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and it 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 which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which 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 15 *Revenue from Contracts with Customers*	Tentatively for the annual period beginning on April 1, 2018	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.

4 MANAGEMENT'S 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, 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 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 13 for more information on goodwill impairment testing and Note 12 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 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 of the asset 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 13 for more information on attributions of goodwill to cash-generating units and Note 12 for the attribution of indefinite-life intangible assets to cash-generating units.

5 SEGMENT INFORMATION

The Company has only one reportable segment.

Geographical information is as follows:

In thousands of Canadian dollars	2015 $	2014 $
Revenues		
Canada	46,105	41,362
United States	21,349	20,713
Asia and other	2,115	2,512
Europe	678	789
	70,247	65,376

In thousands of Canadian dollars	As at March 31, 2015 $	As at March 31, 2014 $
Non-current assets		
Canada	140,100	144,300
United States	24,681	24,552
Asia and other	6	8
	164,787	168,860

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

Non-current assets include property, plant and equipment, intangible assets, acquired intangible assets and goodwill.

6 REVENUES

Revenues are detailed as follows:

In thousands of Canadian dollars	2015 $	2014 $
Revenues from rights of use	52,048	48,203
Revenues from transaction fees	6,728	6,433
Revenues from advertising	6,663	5,837
Revenues from software development	2,627	2,731
Revenues from integration, maintenance and hosting	1,312	1,230
Other	869	942
	70,247	65,376

7 BUSINESS COMBINATION

DESCRIPTION OF THE BUSINESS COMBINATION

On June 1, 2013, the Company acquired from Québecor Média Inc. all the shares of Jobboom Inc. ("Jobboom") a company operating the jobboom.com website, a leader in online recruitment in Quebec and a media expert in the labour market intelligence. Acquisition cost for this transaction was $56,818,465 including a favorable definitive working capital adjustment of $681,535. The acquisition was financed by $8,318,465 in cash from the Company and by $48,500,000 from its Revolving facility.

On November 29, 2013, the Company also acquired from Québecor Média Inc. all the shares of Réseau Contact Inc. ("Réseau Contact"), a company operating reseaucontact.com, one of the Quebec's most popular online dating sites. Acquisition cost for this transaction was $7,448,168 including a favorable definitive working capital adjustment of $51,832. The acquisition was entirely financed by the Revolving facility of the Company.

The acquisitions of Jobboom and Réseau Contact bring new possibilities considering the reputation of the names Jobboom and Réseau Contact and their place in the online recruitment and interpersonal website businesses and giving access to the Company to a large community of members and market with countless opportunities. A solid profitability combined with high-potential synergies with the Company's e-commerce development and expertise were also determinant in these acquisitions.

ACQUISITION OF JOBBOOM

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE ACQUISITION DATE

In thousands of Canadian dollars	June 1, 2013 $
Assets	
Current assets	
Cash and cash equivalents	4,700
Accounts receivable	2,712
Prepaid expenses and deposits	40
	7,452
Non-current assets	
Acquired intangible assets	
Client base	9,000
Technology	6,371
Trademark	18,800
Total	41,623
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1,023
Deferred revenues	3,753
	4,776
Non-current liabilities	
Deferred taxes	9,890
Total	14,666
Identifiable net assets acquired	26,957

SOURCES AND USES OF FUNDS AT THE TRANSACTION CLOSING DATE

In thousands of Canadian dollars	June 1, 2013 $
Sources	
Revolving facility (Note 14)	48,500
Cash and cash equivalents	8,318
	56,818
Uses	
Cash consideration transfered	57,500
Favorable working capital adjustment	(682)
	56,818

COSTS RELATED TO THE ACQUISITION

The total acquisition-related costs amounted to $266,409 and are included in General and administrative expenses in the Consolidated Statements of Income.

GOODWILL ARISING FROM THE BUSINESS COMBINATION

In thousands of Canadian dollars	June 1, 2013 $
Cash consideration transferred	56,818
Less:	
Fair value of net identifiable acquired assets	26,957
Goodwill	29,861

The goodwill recognized from this business combination is deductible for tax purposes in the amount of $10,911,898, and the balance of $18,949,023 is not tax deductible.

Goodwill of $29,860,921 stems essentially from the synergies with other activities of the Company, the economic value of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition.

ACQUISITION OF RÉSEAU CONTACT

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE ACQUISITION DATE

In thousands of Canadian dollars	November 29, 2013 $
Assets	
Current assets	
Cash and cash equivalents	420
Accounts receivable	88
Prepaid expenses and deposits	300
	808
Non-current assets	
Property, plant and equipment	138
Acquired intangible assets	
Technology	2,800
Trademark	2,700
Total	6,446
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	74
Deferred revenues	130
	204
Non-current liabilities	
Deferred taxes	1,097
Total	1,301
Identifiable net assets acquired	5,145

SOURCES AND USES OF FUNDS AT THE TRANSACTION CLOSING DATE

In thousands of Canadian dollars	November 29, 2013 $
Sources	
Revolving facility (Note 14)	7,448
Uses	
Cash consideration transfered	7,500
Favorable working capital adjustment	(52)
	7,448

COSTS RELATED TO THE ACQUISITION

The total acquisition-related costs amounted to $65,175 and are included in General and administrative expenses in the Consolidated Statements of Income.

GOODWILL ARISING FROM THE BUSINESS COMBINATION

In thousands of Canadian dollars	November 29, 2013 $
Cash consideration transferred	7,448
Less:	
Fair value of net identifiable acquired assets	5,145
Goodwill	2,303

For tax purposes, goodwill in the amount of $3,435,932 is deductible.

Goodwill of $2,302,731 stems essentially from the synergies with other activities of the Company, the economic value of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition.

IMPACT OF THE BUSINESS COMBINATIONS ON THE COMPANY'S FINANCIAL PERFORMANCE

The Company's profit for the year ended March 31, 2014, includes $7,737,777 in revenues and a $1,123,200 profit generated from Jobboom additional business and $903,538 in revenues and a $132,683 profit generated from Réseau Contact additional business.

If these business combinations had been completed on April 1, 2013, the Company's consolidated revenues for the year ended March 31, 2014, would have totaled $68,979,726, and consolidated profit for the same period would have totaled $13,268,427.

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period. However, pro forma information does not account for synergies or changes to historical transactions and is not necessarily indicative of the profit of the Company if the acquisitions actually occurred on April 1, 2013, nor of the profit that may be achieved in the future.

To determine the Company's pro forma consolidated revenues and profit if Jobboom and Réseau Contact had been acquired on April 1, 2013, the Company:

- calculated depreciation of property, plant and equipment and amortization of other acquired intangible assets based on the fair value arising from initial recognition of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.
- calculated the borrowing costs on the Company's net indebtedness after the business combination.
- calculated an additional income tax expense to reflect the pro forma adjustments described above.

8 SUBSIDIARIES

The table below provides details on the subsidiaries that the Company owned directly and indirectly as at March 31, 2015.

Subsidiary name	Country of incorporation or registration and operation	Ownership interest percentage	Percentage of voting rights	Industry sector serviced by the electronic commerce solutions of the Company
Carrus Technologies Inc.	Canada	100	100	Automotive aftermarket
3808891 Canada Inc.	Canada	100	100	Holding company
The Broker Forum Inc.	Canada	100	100	Electronic components
MERX Networks Inc.	Canada	100	100	E-procurement
InterTrade Systems Inc.	Canada	100	100	Supply chain collaboration
InterTrade Technologies, Inc.	United States	100	100	Supply chain collaboration
4222661 Canada Inc.	Canada	100	100	E-procurement
TIM USA Inc.	United States	100	100	Holding company
Market Velocity, Inc.	United States	100	100	Computer equipment, telecommunication and consumer electronics
Construction Bidboard Inc.	United States	100	100	E-procurement
Power Source On-Line, Inc.	United States	100	100	Computer equipment, telecommunication and consumer electronics
International Data Base Corp.	United States	100	100	E-procurement
Polygroup, Ltd.	United States	100	100	Diamonds and jewelry
LesPAC Network Inc.	Canada	100	100	Classified ads
Mediagrif Information Consulting (Shenzhen) Co. Ltd	China	100	100	Electronic components
Jobboom Inc.	Canada	100	100	Employment and talent acquisition
Réseau Contact Inc.	Canada	100	100	Online dating

9 JOINT-VENTURES

The Company has interests in a joint venture (the “joint venture”) in which it shares joint control with its co-venturers. The Company’s interest in the joint venture and its operations is summarized as follows:

A 50% ownership in Société d’investissement M-S S.E.C. (a limited partnership), which operates under the brand Global Wine & Spirits (GWS). GWS operates a virtual business-to-business electronic network offering an integrated solution for the purchase and sale of wine and spirits.

During the year ended March 31, 2015, the Company recorded revenues of $1,618,860 ($1,843,177 in 2014) from transactions with GWS. In addition, the Company recharged to GWS operating expenses in the amount of $254,039 ($276,789 in 2014). These recharges were presented against operating expenses in the Consolidated Statement of Income. As at March 31, 2015, GWS accounts receivable to the Company are $120,980 ($52,415 as at March 31, 2014).

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

10 REBATES AND ACCOUNTS RECEIVABLE AND PAYABLE ARISING FROM DISPOSITIONS AND FROM ESCROW TRANSACTIONS

Cash received as at March 31, 2015, for the administration of a rebate program and used equipment trade-in transactions, but not yet remitted to the counterparty, presented on the Consolidated Statement of Financial Position as Cash held for the benefit of third parties, amounted to $206,084 (US$162,488) ($94,779 in 2014 (US$85,750)). As at March 31, 2015, the amount of accounts receivable related to rebate and disposition transactions amounted to $563,258 (US$444,105) ($752,368 in 2014 (US$680,691)).

The amount received as at March 31, 2015, for escrow services presented on the Consolidated Statement of Financial Position as Cash held for the benefit of third parties amounted to $460,127 (US$362,790) ($809,799 in 2014 (US$732,651)).

The total accounts payable for these transactions amounted to $1,229,469 (US$969,383) ($1,656,946 in 2014 (US$1,499,092)) and are presented in Other accounts payable in the Consolidated Statement of Financial Position.

11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

In thousands of Canadian dollars	Office furniture $	Computer and other equipment $	Leasehold improve-ments $	Assets under finance leases $	Total $
Cost					
Balance as at March 31, 2013	1,481	7,786	1,194	198	10,659
Acquisitions	100	857	104	-	1,061
Acquisitions through business combinations	-	138	-	-	138
Disposals	(176)	(388)	(27)	-	(591)
Balance as at March 31, 2014	1,405	8,393	1,271	198	11,267
Acquisitions	232	479	55	-	766
Disposals	(1)	(13)	-	(198)	(212)
Balance as at March 31, 2015	1,636	8,859	1,326	-	11,821
Accumulated depreciation					
Balance as at March 31, 2013	(1,001)	(7,080)	(355)	(173)	(8,609)
Eliminations related to asset disposals	173	383	27	-	583
Depreciation for the year	(179)	(548)	(133)	(25)	(885)
Balance as at March 31, 2014	(1,007)	(7,245)	(461)	(198)	(8,911)
Eliminations related to asset disposals	1	13	-	198	212
Depreciation for the year	(239)	(660)	(139)	-	(1,038)
Balance as at March 31, 2015	(1,245)	(7,892)	(600)	-	(9,737)
Net carrying amount					
Balance as at March 31, 2014	398	1,148	810	-	2,356
Balance as at March 31, 2015	391	967	726	-	2,084

12 INTANGIBLE ASSETS AND ACQUIRED INTANGIBLE ASSETS

Intangible assets consist of the following:

	Intangible assets		
	Software	Internally-developed software and websites	Total
In thousands of Canadian dollars	$	$	$
Cost			
Balance as at March 31, 2013	3,756	103	3,859
Acquisitions	314	-	314
Disposals	(77)	(103)	(180)
Balance as at March 31, 2014	3,993	-	3,993
Acquisitions	538	1,180	1,718
Disposals	(487)	-	(487)
Balance as at March 31, 2015	4,044	1,180	5,224
Accumulated amortization			
Balance as at March 31, 2013	(3,252)	(103)	(3,355)
Eliminations related to asset disposals	77	103	180
Amortization for the year	(269)	-	(269)
Balance as at March 31, 2014	(3,444)	-	(3,444)
Eliminations related to asset disposals	487	-	487
Amortization for the year	(497)	(51)	(548)
Balance as at March 31, 2015	(3,454)	(51)	(3,505)
Net carrying amount			
Balance as at March 31, 2014	549	-	549
Balance as at March 31, 2015	590	1,129	1,719

Acquired intangible assets comprise the following:

	Acquired intangible assets				
	Client bases	Technology	Finite-life trademarks	Indefinite-life trademarks	Total
In thousands of Canadian dollars	$	$	$	$	$
Cost					
Balance as at March 31, 2013	12,118	9,605	604	25,000	47,327
Acquisitions through business combinations	9,000	9,171	-	21,500	39,671
Balance as at March 31, 2014	21,118	18,776	604	46,500	86,998
Balance as at March 31, 2015	21,118	18,776	604	46,500	86,998
Accumulated amortization					
Balance as at March 31, 2013	(9,221)	(5,468)	(586)	-	(15,275)
Amortization for the year	(2,378)	(3,657)	(13)	-	(6,048)
Balance as at March 31, 2014	(11,599)	(9,125)	(599)	-	(21,323)
Amortization for the year	(1,538)	(3,428)	(5)	-	(4,971)
Balance as at March 31, 2015	(13,137)	(12,553)	(604)	-	(26,294)
Net carrying amount					
Balance as at March 31, 2014	9,519	9,651	5	46,500	65,675
Balance as at March 31, 2015	7,981	6,223	-	46,500	60,704

IMPAIRMENT TEST OF THE TRADEMARK WITH AN INDEFINITE USEFUL LIFE

For the purpose of impairment testing, the indefinite-life trademark is tested at the level of its cash-generating unit, since this is the lowest level at which the indefinite-life trademark with an indefinite useful life is monitored for internal management purposes.

To determine the cash-generating units to which the indefinite-life trademark is attributed, management has analyzed the cash flows related to the indefinite-life trademark and concluded that these entries were largely independent from the cash flows from other assets or group of assets. The criterion used was the nature of the revenue generated by such trademark. These revenues cannot be combined with any other identifiable group of assets due to their distinct features.

The Company performed an annual impairment test of the cash-generating unit in the fourth quarter of the year ended March 31, 2015, in accordance with the methods described in Note 2. The recoverable amount of the cash-generating unit associated with the indefinite life trademark exceeded its carrying amount. As a result, no loss in value has been recorded on the trademark with an indefinite useful life during the years ended March 31, 2015 and March 31, 2014.

As at March 31, 2015, the recoverable amount of the cash-generating unit was established by calculating its value in use. This calculation is made using discounted cash flow projections that are based on five-year financial budgets approved by the Board of Directors. The model used to determine discounted cash flows employed a 13.0% discount rate and a 2.0% growth rate for both the future cash flows and the final value.

Based on observable market data such as the risk-free rate, risk premium observed in the market, the beta of companies operating in the same sector, the premium associated with the size of the Company, specific risks associated with the cash-generating unit and the statutory tax rate, the weighted-average cost of capital was determined to a range between 12.0% and 14.0%. This reflects the overall risk of the Company.

Each asset class (working capital, tangible and intangible assets and goodwill) has its own risk discount rate. The Company has determined that the trademark is a risk that is similar to the overall risk of the Company, consequently, a discount rate of 13.0%, representing the first key assumption, has been selected, which is in inside the range mentioned above.

As a second key assumption, the Company believes that a growth rate of 2.0% is reasonable considering the projected inflation rate and growth rate of consumer goods.

These are the two most sensitive assumptions. A change in other assumptions used would not have changed the results significantly.

Reasonably possible changes to these two key assumptions would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

A 1.0% increase in the discount rate would not have reduced the recoverable amount of the cash generating units below their carrying amount. A 1.0% decrease in the growth rate would not have reduced the recoverable amount of the cash generating units below their carrying amount.

13 GOODWILL

In thousands of Canadian dollars	2015 $	2014 $
Balance at the beginning of year	100,280	68,116
Business acquisitions (Note 7)	-	32,164
Goodwill	100,280	100,280

For the purpose of impairment testing, goodwill is tested at the level of the Company as a whole since management is of the opinion that the Company as a whole benefits from the synergies of business combinations completed to date and since this is the lowest level at which goodwill is monitored for internal management purposes.

The Company performed an annual impairment test of goodwill in the fourth quarter of the year ended March 31, 2015, in accordance with the methods described in Note 2. The recoverable amount of the Company as a whole exceeded its carrying amount. As a result, no loss in the value of goodwill was recorded for the years ended March 31, 2015 and March 31, 2014.

As at March 31, 2015, the recoverable value of the Company was established by calculating its value in use. This calculation is made using discounted cash flow projections based on five-year financial budgets approved by the Board of Directors. The model used to determine discounted cash flows employed a 13.0% discount rate and a 2.0% growth rate for both the future cash flows and the final value.

Based on observable market data, such as the risk-free rate, risk premium observed in the market, the beta of companies operating in the same sector, the premium associated with the size of the Company, specific risks associated with the cash-generating unit and the statutory tax rate, the weighted-average cost of capital was determined to a range between 12.0% and 14.0%. This reflects the overall risk of the Company.

Each asset class (working capital, tangible and intangible assets and goodwill) has its own risk discount rate. The Company has determined that goodwill is similar to the overall risk of the Company

consequently, a discount rate of 13.0%, representing the first key assumption, has been selected, which is in inside the range mentioned above.

As a second key assumption, the Company believes that a growth rate of 2.0% is reasonable considering the projected inflation rate and growth rate of consumer goods.

These are the two most sensitive assumptions. A change in other assumptions would not have changed the results significantly.

Reasonably possible changes to these two key assumptions would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

A 1.0% increase in the discount rate would not have reduced the recoverable amount of the Company below its carrying amount. A 1.0% decrease in the growth rate would not have reduced the recoverable amount of the Company below its carrying amount.

14 LONG-TERM DEBT

On November 10, 2011, the Company entered into a credit agreement, which was amended on November 13, 2012 (the "Credit Agreement") with two Canadian financial institutions pursuant to which lenders made available to the Company a $60,000,000 secured revolving five-year credit facility (The "Revolving Facility") and an accordion loan of $40,000,000 subject to lenders' acceptance.

The Revolving Facility expires on November 9, 2016, and any outstanding amounts are due in full at maturity. Amounts under the Credit Agreement are repayable before maturity without penalty.

The Revolving Facility bear interest at a rate based either on Canadian prime rate, LIBOR or bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to earnings before interest, taxes, depreciation and amortization "EBITDA," as described below. As at March 31, 2015, the actual rate was 1.00% and the margin was 1.50%. In addition, the unused portion of the Revolving Facility bears interest at 0.30% as standby fees.

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

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, 2015, the Company was in compliance with the financial ratios prescribed under these covenants:

1) a fixed charge coverage ratio of not less than 1.20:1.00 at all times.

2) a total debt to EBITDA ratio of not more than 2.5.

Fixed charge, total debt and EBITDA, which are used in the calculation of the covenants mentioned above, are defined precisely in the Credit Agreement.

Financial ratios are calculated using the financial information of the twelve-month period ending on the date the ratio is calculated.

The following table provides the long-term debt information:

In thousands of Canadian dollars	As at March 31, 2015 $	As at March 31, 2014 $
Revolving credit facility, bearing interest at the bankers' acceptance rate, plus 1.50% (1.50% as at March 31, 2014), maturing in November 2016	26,100	37,040
Deferred financing costs	-	(120)
	26,100	36,920

The minimum capital repayments are $26,100,000 for the year ending March 31, 2017.

15 SHARE CAPITAL

a) Authorized and paid, unlimited number

- Common 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 common share activity for the last two fiscal years:

	2015		2014	
In thousands	Shares	$	Shares	$
Balance at beginning of year	15,817	83,141	15,834	83,227
Repurchased for cancellation (Note 15 b) i))	(275)	(1,446)	(17)	(86)
Balance at end of year	15,542	81,695	15,817	83,141

i) During the year ended March 31, 2015, the Company repurchased 275,100 of its common shares (16,420 in 2014) for a cash consideration of $4,957,141 ($311,977 in 2014) in connection with its Normal Course Issuer Bid. An average issue price of $5.26 ($5.26 in 2014) per share before repurchase was recorded as a deduction from Share capital in a total amount of $1,446,003 ($86,369 in 2014), and the balance was charged to Retained earnings.

c) Dividends declared

Subsequent to the end of the year ended March 31, 2015, i.e. on June 9, 2015, the Company announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2015 to shareholders of record on July 2, 2015.

2015

On June 10, 2014, the Company announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2014, to shareholders of record on July 2, 2014.

On August 5, 2014, the Company announced the payment of a cash dividend of $0.10 per share, payable on October 15, 2014, to shareholders of record on October 1, 2014.

On November 11, 2014, the Company announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2015, to shareholders of record on January 2, 2015.

On February 10, 2015, the Company announced the payment of a cash dividend of $0.10 per share, payable on April 15, 2015, to shareholders of record on April 1, 2015.

2014

On June 11, 2013, the Company announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2013, to shareholders of record on July 2, 2013.

On August 6, 2013, the Company announced the payment of a cash dividend of $0.10 per share, payable on October 15, 2013, to shareholders of record on October 1, 2013.

On November 12, 2013, the Company announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2014, to shareholders of record on January 3, 2014.

On February 11, 2014, the Company announced the payment of a cash dividend of $0.10 per share, payable on April 15, 2014, to shareholders of record on April 1, 2014.

16 STOCK-BASED COMPENSATION

On July 2004, the Company established a stock purchase plan. Certain amendments to the plan have subsequently been adopted and are in effect on the date hereof for all 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 10% of their annual income up to a maximum of $20,000 annually ($10,000 in 2014) to purchase common shares in the Company on the open market. Under the plan, the Company matches employee contributions to the plan up to a maximum contribution of $1,300 per employee ($1,100 in 2014). 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 shall be equal to the market price of the Company's common shares on the purchase date.

17 TECHNOLOGY

In thousands of Canadian dollars	2015 $	2014 $
Research and development costs incurred	15,347	14,381
Tax credits	(1,915)	(2,633)
	13,432	11,748
Capitalized Internally-developed software and websites i)	(1,180)	-
	12,252	11,748
Amortization of capitalized internally-developed software and websites	51	-
	12,303	11,748

i) Capitalized internally-developed software and websites are shown net of tax credits of $529,168. These tax credits were capitalized because they are related to these internally-developed software and websites.

18 EXPENSES BY TYPE

Operating profit includes the following items:

In thousands of Canadian dollars	2015 $	2014 $
Amortization and depreciation		
Depreciation of property, plant and equipment	1,038	885
Amortization of intangible assets	548	269
Amortization of acquired intangible assets	4,971	6,048
Total	6,557	7,202
Employee benefits expense		
Salaries and employee benefits	29,078	27,596
Termination benefits	476	528
Total	29,554	28,124

19 LEASES

The operating leases are on office space with terms of 1 to 10 years. Some of these leases feature renewal options. The Company will not be able to acquire the leased assets at the end of the leases.

Payments recognized as expenses:

In thousands of Canadian dollars	2015 $	2014 $
Minimum lease payments	1,558	1,475

Obligations under non-cancellable operating leases:

In thousands of Canadian dollars	2015 $	2014 $
Less than 1 year	1,402	1,211
More than 1 year and less than 5 years	4,449	3,103
More than 5 years	1,304	1,541
	7,155	5,855

The Company had a lease agreement with a company of which one of its officers is a director. This company owns an office space where the Company exercised a portion of its business. The lease agreement expired on December 31, 2013. Minimum payments related to this space totaled $56,535 for the year ended March 31, 2014.

The transaction occurred in the normal course of business and was measured at the amount of consideration agreed to by the parties.

20 INCOME TAXES

a) The income tax expense consists of the following:

In thousands of Canadian dollars	2015 $	2014 $
Current tax expense		
Current taxes	4,757	3,470
Adjustments recognized during the year for current taxes of prior years	9	(87)
Deferred tax expense		
Deferred tax expense relating to the origination and reversal of temporary differences	752	1,197
Adjustments recognized during the year for the deferred tax of prior years	25	(270)
Recognized operating losses	-	(83)
Income tax expense	5,543	4,227

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

	2015 %	2014 %
Weighted-average statutory tax rate	26.9	26.9
Increase (decrease) arising from:		
Geographic distribution of operating profits	-	0.8
Non-taxable income and other	(0.8)	(0.1)
Operating losses recorded during the year	-	(0.6)
Prior-year tax adjustments and contributions	0.1	(2.0)
Actual tax rate	26.2	25.0

The tax rates used for the above-reconciled results for 2015 and 2014 are the tax rates applied to the taxable income of Canadian companies under tax law in this jurisdiction.

The reconciliation of deferred tax assets (liabilities) by type of temporary differences recognized in the Consolidated Statement of Financial Position:

In thousands of Canadian dollars	Property, plant and equipment $	Intangible assets $	Foreign exchange impact on foreign subsidiary $	Provision $
Balance as at March 31, 2013	887	(3,754)	(39)	188
Deferred tax (expense) recovery for the year recognized in profit	(676)	283	28	614
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-
Deferred tax (expense) recovery for the year related to other comprehensive income	-	-	-	-
Deferred tax asset (liability) created during a business combination	285	(10,367)	-	(905)
Balance as at March 31, 2014	496	(13,838)	(11)	(103)
(Expense) deferred tax recovery for the year recognized in profit	(24)	(399)	33	321
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-
Deferred tax recovery for the year related to other comprehensive income	-	-	-	-
Balance as at March 31, 2015	472	(14,237)	22	218

Deferred rent $	Leases $	Derivative financial instruments $	Financing costs $	Research and development $	Tax losses $	Tax credit $	Share issuance costs $	Total $
264	8	32	7	717	4,636	(906)	220	2,260
(33)	(8)	-	22	343	(1,119)	(242)	(56)	(844)
-	-	-	-	-	338	-	-	338
-	-	148	-	-	-	-	-	148
-	-	-	-	-	-	-	-	(10,987)
231	-	180	29	1,060	3,855	(1,148)	164	(9,085)
(5)	-	-	3	29	(763)	82	(54)	(777)
-	-	-	-	-	540	-	-	540
-	-	204	-	-	-	-	-	204
226	-	384	32	1,089	3,632	(1,066)	110	(9,118)

The following balances were recognized in the Consolidated Statements of Financial Position:

In thousands of Canadian dollars	March 31, 2015 $	March 31, 2014 $
Deferred tax assets	5,945	5,860
Deferred tax liabilities	(15,063)	(14,945)
	(9,118)	(9,085)

Certain tax losses from Canadian and U.S. subsidiaries resulted in a deferred tax asset being recognized in the Consolidated Statement of Financial Position, as management considers it probable that these tax consequences will be used against future taxable income.

Tax risk

In the normal course of business, the Company is subject to reviews by the tax authorities in the jurisdictions where the Company operates. These authorities may contest or refuse some of the positions taken by management. The Company periodically examines the possibility of unfavourable outcomes from tax audits and makes provisions for this purpose if the Company considers that an unfavourable outcome will occur. As at March 31, 2015 and March 31, 2014, no provisions had been established for this purpose.

Deferred tax losses

As at March 31, 2015, the Company's U.S. subsidiaries had accumulated net operating losses at the federal level of approximately US$34,158,426 (CA$43,323,132). Some of these losses are limited to a maximum annual amount and expire from 2016 through 2030. Therefore, an amount of losses of US$26,598,405 (CA$33,734,757) can never be used against future taxable income. A deferred tax asset has been recognized on a deferred tax losses amount of US$7,560,021 (CA$9,588,375).

In addition, the Company's U.S. subsidiaries had accumulated net operating losses at the State level of approximately US$10,356,554 (CA$13,135,217). These losses expire from 2019 through 2028. A valuation allowance of approximately US$4,507,001 (CA$5,716,229) has been recorded for these losses. A deferred tax asset has been recognized on a deferred tax losses amount of US$5,849,553 (CA$7,418,988).

As at March 31, 2015, the Company's Canadian subsidiaries had accumulated net operating losses at the federal level of $583,449 and at the provincial level of $193,723, which may be carried forward and used to reduce the taxable income of future years. These losses expire from 2027 through 2030. The Company's Canadian subsidiaries also have $3,140,120 in accumulated research and development costs at the federal level and $5,190,128 at the provincial level, which may be carried forward and used to reduce the taxable income of future years. These costs may be used for an indefinite period. The tax consequences of these items were recognized as deferred tax assets.

21 RELATED PARTY TRANSACTIONS

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

In thousands of Canadian dollars	2015 $	2014 $
Directors – Directors' fees	210	195
Management team		
Short-term benefits	3,223	2,724
Termination benefits	-	210
	3,433	3,129

The management team's compensation is set by a compensation committee and is based on individual performance and market trends.

22 SUPPLEMENTARY STATEMENTS OF INCOME AND CASH FLOW INFORMATION

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

In thousands of Canadian dollars	2015 $	2014 $
Decrease (increase) in:		
Accounts receivable	907	1,443
Tax credits receivable	320	(899)
Prepaid expenses and deposits	349	(63)
Increase (decrease) in:		
Accounts payable and accrued liabilities	688	(675)
Other accounts payable	(428)	363
Deferred revenues	298	2,279
	2,134	2,448

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

In thousands of Canadian dollars	2015 $	2014 $
Foreign exchange gain	1,174	881
Other expenses	-	(2)
	1,174	879

c) Financial expenses consist of the following:

In thousands of Canadian dollars	2015 $	2014 $
Interest income	-	(15)
Amortization of deferred financing costs	120	190
Interest on long-term debt	955	1,019
	1,075	1,194

23 CAPITAL DISCLOSURES

The Company's capital management objective is to ensure sufficient liquidity to pursue its strategy of organic growth, to undertake selective acquisitions and to provide an appropriate return on investment to its shareholders. The Company's capital consists of long-term debt, shareholders' equity and deferred revenues, net of cash and cash equivalents and short-term investments.

The Company's primary uses of capital are to finance non-cash working capital requirements, capital expenditures, business acquisitions and payments of dividends.

The Company may, from time to time, repurchase shares, adjust its capital level by issuing shares or secure bank debt to finance its operations or business acquisition.

Other than the financial ratios described in Note 14 and required by a financial institution, the Company's capital is not subject to any externally imposed capital requirements, and the Company does not currently use any quantitative measures to manage its capital.

24 FINANCIAL RISK MANAGEMENT

The Company's financial assets and financial liabilities expose it to the following risks: market risk, including foreign currency risk and interest rate risk, credit risk and liquidity risk. The Company's main risk management objective is to ensure that risks are properly defined and resolved to minimize potential adverse effects on financial performance.

The finance department is responsible for risk management which includes identifying and assessing risks, in close cooperation with management. The finance department is responsible for creating adequate controls and procedures to ensure that financial risks are mitigated.

FOREIGN CURRENCY RISK

Foreign currency risk comes from transactions that the Company concludes in foreign currencies, primarily the U.S. dollar. Foreign currency risk also comes from future sale and purchase transactions and from financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing foreign currency risk is to reduce its impact on performance. In order to reduce the potentially adverse effects of a fluctuating Canadian dollar, the Company has entered into foreign currency forward contracts to stabilize anticipated future revenues denominated in U.S. dollars. Foreign currency forward contracts are used only for managing foreign currency risk and not for speculative purposes.

The balances in foreign currencies are as follows:

In thousands of dollars	2015 U.S.$	2014 U.S.$
Cash and cash equivalents	5,027	5,631
Accounts receivable	825	1,644
Accounts payable and accrued liabilities	(710)	(606)
Total in foreign currencies	5,142	6,669
Total in Canadian dollars	6,522	7,359

The following table details the arrangements used as hedging instruments. The currency of the purchase agreements is the Canadian dollar while the currency of the sale is the U.S. dollar:

In thousands of Canadian dollars	2015 $	2014 $
Notional amount US$	11,250	12,225
Weighted-average rate USD-CAD	1.1418	1.0565
Maturity (fiscal year)	2016-2017	2015-2016

Foreign currency forward contracts are contracts whereby the Company has the obligation to sell or buy U.S. dollars in advance at a fixed rate.

Taking into account the foreign currency forward contracts and assuming that all other variables remain constant, a 5.0% appreciation of the Canadian dollar against the U.S. dollar would have the following impact on profit and other comprehensive income (in Canadian dollars):

In thousands of Canadian dollars	2015 $	2014 $
Profit	(104)	(165)
Other comprehensive income	398	532

A 5.0% depreciation of the Canadian dollar against the U.S. dollar would have had the opposite impact on profit and other comprehensive income.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow risk. The Company's cash and cash equivalents earn interest at market rates.

As at March 31, 2015, the Company is exposed to interest rate risk on cash and cash equivalents whose interest rates vary from 0% to 0.5%. If interest rates as at March 31, 2015, had been 0.5% higher or 0.5% lower, the impact on profit would have been insignificant.

Financial assets and liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company is not exposed to significant risk with respect to financial assets and financial liabilities due to their short-term maturities.

With respect to floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in reference rates such as LIBOR, the rate of bankers' acceptances and the Canadian prime rate.

All other things being equal, a reasonably possible 1.0% increase in the interest rate applicable to the daily balances of the Revolving facility would have had an impact of $315,700 ($330,167 in 2014) on the Company's profit for the year ended March 31, 2015. A 1.0% decrease in the interest rate would have had the opposite impact on the Company's profit.

CREDIT RISK

Credit risk is the risk of the Company incurring a financial loss because a customer or other counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that expose the Company to credit risk consist mainly of cash and cash equivalents, cash held for the benefit of third parties and accounts receivable. Cash and cash equivalents and cash held for the benefit of third parties are maintained at major financial institutions; therefore, the Company considers the risk of non-performance on these instruments to be remote.

Based on its past experience, the Company believes that the credit risk associated with its accounts receivable is low. The Company generally does not require collateral for its accounts receivable. Its trade accounts receivable are not concentrated with any specific customers but rather with a broad range of customers. The Company establishes an allowance for doubtful accounts for receivables deemed uncollectible. The allowance for doubtful accounts amount is based on past experience of amounts considered to have uncertain collectability.

The carrying value of the Company's trade accounts receivable is presented net of the allowance for doubtful accounts. Changes in the allowance for the year are as follows:

In thousands of Canadian dollars	2015 $	2014 $
Balance at beginning of year	(245)	(217)
Write-off	199	207
Expense for the year	(96)	(235)
Balance at end of year	(142)	(245)

As at March 31, the aging of trade accounts receivable is as follows:

In thousands of Canadian dollars	2015 $	2014 $
Current	2,192	689
Past due		
1 - 30 days	2,204	4,654
31 - 60 days	1,057	883
61 - 90 days	130	241
Over 90 days	108	131
Total accounts receivable	5,691	6,598

There is no impairment or amount past due other than those related to accounts receivable.

LIQUIDITY RISK

Liquidity risk is the risk that a company will be unable to meet its obligations as they fall due. To manage liquidity risk, the Company makes sure that it always has the cash it needs to meet its obligations when they fall due. The Company's financial liabilities, which consist of accounts payable and accrued liabilities and other accounts payable, are due within 12 months or less. As at March 31, 2015, the Company had a $60,000,000 credit facility, of which $33,900,000 was undrawn.

FAIR VALUE 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 that observable market inputs be used whenever such inputs exist. A financial instrument is classified in the lowest level of the hierarchy for which a significant input has been used to measure fair value.

An entity's own credit risk and the credit risk of the counterparty, in addition to the credit risk of the financial instrument, 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 Statement 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 techniques 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 value; 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.

The following table presents the instruments measured at fair value on a recurring basis, classified using the hierarchy described above:

In thousands of Canadian dollars	2015 $	2014 $
Level 1	-	-
Level 2	(1,431)	(669)
Level 3	-	-
Total	(1,431)	(669)

The negative fair value of these derivative financial instruments of $1,431,349 (US$1,128,557) reflects the estimated amounts that the Company would have to pay to settle the contracts as at March 31, 2015, using relevant market rates. As at March 31, 2014, the fair value was negative at $669,491 (US$605,710).

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying amounts due to their short-term maturities.

The fair value of long-term debt is not significantly different from its carrying amount because the contractual interest rate is close to the interest rate that the Company could have had on a similar financial instrument.

ADDITIONAL INFORMATION

STOCK EXCHANGE LISTING AND SYMBOL

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

TRANSFER AGENT

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd, Suite 700, Montreal, Québec Canada H3A 3S8
Tel.: (514) 982-7888 Fax: (514) 982-7580

AUDITOR

Deloitte LLP
1 Place Ville Marie, Suite 3000, Montreal (Québec) Canada H3B 4T9
Tel. : (514) 393-7115 Fax. : (514) 390-4100

SHAREHOLDER INQUIRIES

Inquiries regarding lost, stolen or destroyed certificates, change of address or transfer requirements should be directed to the Company's transfer agent:

Computershare Investor Services
Stock and Bond Transfer Department
1500 Robert-Bourassa Blvd, Suite 700, Montreal, Québec, Canada H3A 3S8
Tel.: 1 800 564-6253 (toll-free in North America)
service@computershare.com

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting of Shareholders will be held on Tuesday, September 15, 2015, at 10:00 am. EDT in the room Havre and Quais of the 357C, located at 357 de la Commune St. West, Montreal, Qc.

This annual report is also available on the web at www.mediagrif.com
Le rapport annuel 2015 de la Société est aussi publié en français.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

Claude Roy
Québec, Canada
Chairman of the Board,
President and Chief Executive
Officer of the Corporation

André Courtemanche
Québec, Canada
President and Chief Executive Officer
VIAVAR Capital Inc.

Michel Dubé
Québec, Canada
Consultant

André Gauthier
Québec, Canada
President, Holding André Gauthier Inc.

Lyne Groulx
Québec, Canada
Senior Account Executive, talent acquisition
strategy & solution
AtmanCo

Gilles Laporte
Québec, Canada
Director of corporations

Gilles Laurin
Québec, Canada
CPA, CA
Director of corporations

Catherine Roy
Québec, Canada
Senior Consultant, Executive Search
Décarie Recherche

Jean-François Sabourin
Québec, Canada
President and Chief Executive Officer
FinlogiK Inc.
President and Chief Executive Officer
JitneyTrade Inc.

EXECUTIVE OFFICERS

Claude Roy
President and Chief Executive Officer

Stéphane Anglaret
Vice President, Technology

Paul Bourque
Chief Financial Officer

Mark Eigenbauer
Vice President, US Operations

Hélène Hallak
Vice President and General Counsel

Richard Lampron
Chief Operating Officer

Suzanne Moquin
Vice President, Consumers Solutions

Camil Rousseau
Vice President, Research and Development

Jean-Michel Stam
Vice President, e-business Networks

CAUSES THAT MATTER TO US

At Mediagrif, we are aware of our social responsibility and are taking concrete actions to improve the quality of life of our community. Our social commitment is renewed and extended year after year. Our support includes organizations working in the health and wellness areas.

The Company supports hospital foundations, clinic research institutes and hospitals.

- Hôpital Maisonneuve-Rosemont Foundation
- Juvenile Diabetes Research Foundation
- Heart & Stroke Foundation
- CHU Sainte-Justine Foundation
- Portage Foundation
- Maison des soins Palliatifs de Laval
- South Shore Alzheimer Society

The Company also provides support to organizations whose mission is to ensure the well-being of the population, especially among young people.

- Fondation du Père Sablon
- Marie-Vincent Foundation
- Conseil des Arts de Montréal

Also, Mediagrif sponsors sports events such as the Leblanc Cup and the golf Omnium of Père Marcel Sablonnière. We also sponsor Quebec athlete Karine Belleau-Béliveau.

MEDIAGRIF

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