MEDIAGRIF

H2H =
HUMAN
TO HUMAN

MEDIAGRIF IS A PROVIDER OF INNOVATIVE AND EFFICIENT E-COMMERCE SOLUTIONS

ABOUT MEDIAGRIF

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, BidNet and ASC.

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 440 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.

MERX InterTrade CARRUS BidNet ASC

lesPAC réseau contact jobboom

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

We are pleased to present our results for financial year ending March 31, 2016. Our revenues grew to $73.0 million, an increase of 4% compared to 2015, while our operating profit reached $23.0 million, up 10%.

ACHIEVEMENTS IN 2016

Our initiatives to stimulate organic growth have shown significant results, particularly in our MERX, BidNet and InterTrade platforms, which posted more than 10% growth this year.

We revised the development and commercialization strategies of our consumer solutions (LesPAC, Jobboom, Réseau Contact), which resulted in a positive impact on the traffic and the revenues of these platforms.

Regarding our uses of funds, we repurchased more than 543,000 shares or 3.5% of our share capital during financial year 2016, representing an amount of $9.1 million. We therefore repurchased more than 818,000 shares during the last two years.

After reviewing several acquisition opportunities during the year, we concluded, on May 31, 2016, the acquisition of Advance Software Concept (ASC) for a price of $18.5 million. We are very pleased with this addition to our B2B platforms' portfolio. ASC, which operates in a high-growth market, has contract management functionalities that will generate interesting synergies with our MERX and BidNet platforms.

Since the change of management that took place in 2009, our priority has been to create value for our clients, our employees and our shareholders. We can now see how this strategy enabled us to increase the revenues, the profits and the market value of Mediagrif.

OBJECTIVES FOR 2017

We plan on continuing our progression by increasing our investments in the commercialization and marketing of our solutions that offer the best long term growth potential.

We will also undertake a strategic review of our products and services portfolio to simplify our diversified business model while continuing to offer our clients a wide range of products relevant to their needs. We are confident that these initiatives will contribute to Mediagrif's further growth.

We wish to reiterate to the shareholders of Mediagrif our engagement to propel the corporation to new heights and to keep the focus on creating long-term value.

CLAUDE ROY
President and Chief Executive Officer

FACTS AND NUMBERS

REVENUES
(IN MILLIONS OF CA$)

Year	Revenues
2016	**73.0**
2015	**70.2**
2014	**65.4**
2013	**60.7**
2012	**53.8**

EARNINGS PER SHARE
(IN MILLIONS OF CA$)

Year	Earnings per share
2016	**1.05**
2015	**1.00**
2014	**0.80**
2013	**0.97**
2012	**0.69**

OPERATING PROFIT
(IN MILLIONS OF CA$)

Year	Value
2016	23.0
2015	20.9
2014	17.1
2013	19.9
2012	13.2

PROFIT FOR THE PERIOD
(IN MILLIONS OF CA$)

Year	Value
2016	15.8
2015	15.6
2014	12.7
2013	14.0
2012	9.5

ADJUSTED EBITDA
(IN MILLIONS OF CA$)

Year	Value
2016	28.6
2015	27.5
2014	24.3
2013	25.2
2012	17.4

ADJUSTED EBITDA MARGIN
(%)

Year	Value
2016	39.2
2015	39.2
2014	37.2
2013	41.5
2012	32.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2016

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

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

COMPANY PROFILE

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

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS – FISCAL YEAR ENDED MARCH 31, 2016

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

SUBSEQUENT EVENT

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

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

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

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

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

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

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

Revenues

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

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

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

Cost of revenues

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

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

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

Gross margin

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

Operating expenses

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

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

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

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

Operating profit

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

Other (expenses) revenues

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

Financial expenses

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

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

Income tax expense

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

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

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

Profit

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

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

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

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT

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

Revenues

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

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

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

Cost of Revenues

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

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

Gross margin

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

Operating expenses

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

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

Operating profit

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

Other (expenses) revenues

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

Financial expenses

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

Income tax expense

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

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

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

Profit

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

QUARTERLY PERFORMANCE

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

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

In thousands of Canadian dollars, except per share amounts.

2016 Quarters

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

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

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

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

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

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

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

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

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

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

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

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

2015 Quarters

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

OPERATING ACTIVITIES

	YEARS ENDED ON MARCH 31	
In thousands of Canadian dollars	**2016** **$**	**2015** **$**
Cash flows related to operating activities before changes in non-cash working capital items	20,705	21,948
Changes in non-cash working capital items	1,605	2,134
CASH FLOWS RELATED TO OPERATING ACTIVITIES	22,310	24,082

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

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

INVESTING ACTIVITIES

	YEARS ENDED ON MARCH 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Acquisition of property, plant and equipment	(1,228)	(766)
Acquisition of intangible assets	(3,016)	(1,718)
Distribution from a joint venture	500	-
Proceeds on disposal of property, plant and equipment	5	-
CASH FLOWS RELATED TO INVESTING ACTIVITIES	(3,739)	(2,484)

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

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

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

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

FINANCING ACTIVITIES

	YEARS ENDED ON MARCH 31	
	2016	**2015**
In thousands of Canadian dollars	**$**	**$**
Increase of long-term debt	9,112	-
Repayment of long-term debt	(8,712)	(10,940)
Financing costs	(199)	-
Repurchase of common shares for cancellation	(9,112)	(4,957)
Lease inducement received	-	79
Cash dividends paid on common shares	(6,068)	(6,302)
CASH FLOWS RELATED TO FINANCING ACTIVITIES	(14,979)	(22,120)

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

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

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

CREDIT AGREEMENT

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

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

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

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

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

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

FINANCIAL POSITION

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

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

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

+ Accounts receivable reached $5.9 million as at March 31, 2016, an increase of $0.2 million compared to March 31, 2015. This increase is mainly attributable to higher accounts receivable from Market Velocity and LesPAC, given the increase in transactions from these platforms.

+ Tax credits receivable totaled $5.1 million as at March 31, 2016, an increase of $1.2 million when compared to March 31, 2015. This increase is explained by the recording of additional tax credits during fiscal year 2016, including some that relate to prior years.

+ Intangible assets totaled $3.6 million as at March 31, 2016, up $1.9 million from March 31, 2015. This increase is explained by the acquisition of external software and also from the recognition of internally developed software for a total amount of $3.0 million, partially offset by a decrease in amortization expense of $1.0 million and a $0.1 million loss on disposal.

+ Investment in a joint venture stood at $0.3 million as at March 31, 2016, a decrease of $0.3 million compared to March 31, 2015. This decrease is explained by a $0.5 million capital distribution from its joint venture, Global Wine & Spirits, partially offset by the $0.2 million share of profit for the period.

- Accounts payable and accrued liabilities stood at $8.2 million as at March 31, 2016, a $1.4 million increase compared to March 31, 2015. This increase is due to higher non-recurring expenses as at March 31, 2016 compared to March 31, 2015, including a provision for a legislative contingency and to due diligence expenses.

- Other accounts payable totaled $1.7 million as at March 31, 2016 compared to $1.2 million as at March 31, 2015. This increase is partly due to an increase in amounts held for the benefit of third parties during the year resulting from a year-end increase in the trust activities and to an increase in the conversion rate into Canadian dollars of these U.S. dollars amounts.

- Derivative financial instruments totaled $0.1 million as at March 31, 2016, which represents a $1.4 million decrease compared to March 31, 2015. The change is explained by the difference between effective exchange rates on the foreign exchange contracts in effect and the market exchange rates as at March 31, 2015 and 2016, respectively.

- Long-term debt totaled $26.3 million as at March 31, 2016 compared to $26.1 million as at March 31, 2015. This increase in long-term debt is due to a $9.1 million repurchase of shares, less $8.7 million in repayments made and $0.2 million in financing costs paid at the time of the Credit Agreement renewal.

- Shareholders' equity stood at $123.8 million as at March 31, 2016, compared to $122.1 million as at March 31, 2015. The change in shareholders' equity reflects the $16.8 million comprehensive income earned by the Company during fiscal year 2016 less the $9.1 million repurchase of common shares and $6.0 million in dividends.

CONTRACTUAL OBLIGATIONS

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

During fiscal year ended March 31, 2016, there has been no significant change to the nature of the risks arising from financial instruments, to the related risk management or to the classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Company's consolidated statement of financial position.

RELATED PARTY TRANSACTIONS

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

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

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

RISKS AND UNCERTAINTIES

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

Retention of customers

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

Acquisitions

Our growth strategy includes making strategic acquisitions, principally in the information technology industry. There is no assurance that we will find suitable companies in this industry to acquire or that we will have enough resources to complete any acquisition. We could also consider making acquisitions in other promising sectors of the economy, if such acquisitions are likely to increase our value. Acquisitions involve a number of risks, including: diversion of management's attention from current operations; disruption of our ongoing business; lack of expertise of management in the sector of activity of the acquired business; difficulties in integrating and retaining all or part of the acquired business, its customers and its personnel; assumption of disclosed and undisclosed liabilities; dealing with unfamiliar laws, customs and practices in foreign jurisdictions; and the effectiveness of the acquired company's internal controls and procedures. The individual or combined effect of these risks could have a material adverse effect on our business. As well, in paying for an acquisition, we may deplete our cash resources. Furthermore, there is the risk that our valuation assumptions, customer retention expectations and our models for an acquired product or business may be erroneous or inappropriate due to foreseen or unforeseen circumstances and thereby cause us to overvalue an acquisition target. There is also the risk that the contemplated benefits of an acquisition may not materialize as planned or may not materialize within the time period or to the extent anticipated.

Response to industry's rapid pace of change

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

Competition

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

Defects in software or failures in processing of transactions

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

Potential risks of using “open source” software

Like many other e-commerce companies, we use “open source” software in order to add functionality to our products and services quickly and inexpensively. We face certain risks relating to our use of open source code. Open source license terms may be ambiguous and may result in unanticipated or uncertain obligations regarding our products and services. Our use of open source software could subject certain portions of our proprietary technology to the requirements of such open source software. That may have an adverse impact on our sale of the products or services incorporating the open source software. Other forms of open source software licensing present license compliance risks for us. If we fail to comply with the license obligations, we could be sued and/or lose the right to use the open source code. Our use of open source code could also result in us developing and selling products that infringe third-party intellectual property rights. It may be difficult for us to accurately determine the developers of the open source code and whether the code incorporates proprietary software.

Infringing on the intellectual property rights of others

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

Protecting our intellectual property rights

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

Retention of key personnel

Our performance is substantially dependent on the performance of our key technical and senior management personnel. Our success is highly dependent on our continuing ability to identify, hire, train, motivate, promote, and retain highly qualified management, directors, technical, and sales and marketing personnel, including key technical and senior management personnel. Competition for such personnel is always strong. Our inability to attract or retain the necessary management, directors, technical services, sales and marketing personnel, or to attract such personnel on a timely basis, could have a material adverse effect on our business, results of operations, financial condition and the price of our securities.

Regulation

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

Failure to protect our databases and users personal information

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

Doing business in emerging countries

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

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

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

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

Economic conditions

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

Foreign exchange

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

Liquidity and financing risks

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Estimates

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

Explanations about the main assumptions and estimates are presented below:

Revenue recognition

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

Useful lives of property, plant and equipment and finite-life intangible assets

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

Measurements of assets

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

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

Business combinations

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

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

Deferred taxes

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

Judgments

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

Definition of cash-generating units

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

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

FUTURES CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial instruments

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

IFRS 15 Revenue from contracts with customers

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

IFRS 16 Leases

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

FORWARD-LOOKING STATEMENTS

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

CONTROLS AND PROCEDURES

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

Disclosure controls and procedures

The disclosure controls and procedures of the Company have been designed in accordance with the rules of the Canadian Securities Administrators in order to provide reasonable assurance that material information related to the Company is made known to the Audit Committee and the Board of Directors and information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

Internal control over financial reporting

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

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

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

ADDITIONAL INFORMATION

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016 AND MARCH 31, 2015

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 auditor 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 auditor has 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, has audited these consolidated financial statements.

Claude Roy
President and Chief Executive Officer

Paul Bourque
Chief Financial Officer

June 7, 2016

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, 2016 and March 31, 2015, 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, 2016 and March 31, 2015, 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, 2016 and March 31, 2015, and its financial performance and its cash flows for the years ended March 31, 2016, and March 31, 2015, in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

June 7, 2016

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

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

In thousands of Canadian dollars, except per share amount	2016 $	2015 $
REVENUES (NOTE 6)	73,020	70,247
COST OF REVENUES	14,368	13,972
GROSS MARGIN	58,652	56,275
OPERATING EXPENSES		
General and administrative	9,323	8,475
Selling and marketing	15,389	14,637
Technology (Note 16)	10,905	12,303
	35,617	35,415
OPERATING PROFIT	23,035	20,860
Other (expenses) revenues, net amount (Note 21 b))	(400)	1,174
Financial expenses (Note 21 c))	(815)	(1,075)
Share of profit of a joint venture (Note 8)	163	217
PROFIT BEFORE INCOME TAXES	21,983	21,176
Income tax expense (Note 19)	6,151	5,543
PROFIT FOR THE YEAR	15,832	15,633

	2016	2015
EARNINGS PER SHARE		
Basic and diluted	1.05	1.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic and diluted	15,140,377	15,711,474
NUMBER OF SHARES OUTSTANDING AT END OF YEAR	14,998,979	15,542,255

Refer to the notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

In thousands of Canadian dollars	2016 $	2015 $
PROFIT FOR THE YEAR	15,832	15,633
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 $99 ($378 in 2015)	(269)	(1,028)
Reclassification of realized losses on foreign currency forward contracts, net of deferred taxes of $464 ($173 in 2015)	1,266	471
	997	(557)
COMPREHENSIVE INCOME FOR THE YEAR	16,829	15,076

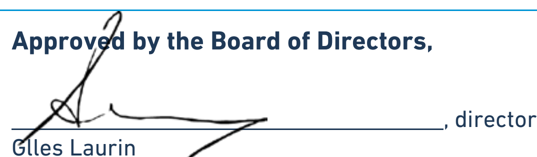
Refer to the notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

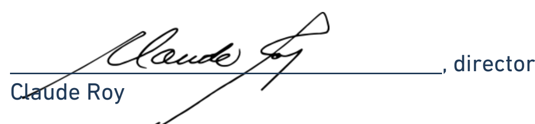
AS AT MARCH 31, 2016 AND AS AT MARCH 31, 2015

In thousands of Canadian dollars	AS AT MARCH 31, 2016 $	AS AT MARCH 31, 2015 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	10,901	7,546
Cash held for the benefit of third parties (Note 9)	1,011	666
Accounts receivable (Note 23)	5,927	5,691
Income taxes receivable	996	-
Tax credits receivable	5,128	3,947
Prepaid expenses and deposits	1,145	1,986
	25,108	19,836
NON-CURRENT ASSETS		
Property, plant and equipment (Note 10)	2,545	2,084
Intangible assets (Note 11)	3,617	1,719
Acquired intangible assets (Note 11)	57,238	60,704
Goodwill (Note 12)	100,280	100,280
Investment in a joint venture (Note 8)	250	587
Deferred taxes (Note 19)	5,091	5,945
	194,129	191,155
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	8,220	6,861
Other accounts payable (Note 9)	1,706	1,229
Income taxes payable	716	1,084
Deferred revenues	16,774	16,473
Derivative financial instruments	69	1,431
Current portion of deferred lease inducement	143	150
	27,628	27,228
NON-CURRENT LIABILITIES		
Long-term debt (Note 13)	26,311	26,100
Deferred lease inducement	781	661
Deferred taxes (Note 19)	15,604	15,063
	70,324	69,052
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (NOTE 14)	78,840	81,695
RESERVES	3,164	2,167
RETAINED EARNINGS	41,801	38,241
	123,805	122,103
	194,129	191,155

Approved by the Board of Directors,



____________________, director
Gilles Laurin



____________________, director
Claude Roy

Refer to the notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

FOR THE YEAR ENDED MARCH 31, 2016

		RESERVES				
In thousands of Canadian dollars	Share capital $	Equity-settled employee benefits $	Cash flow hedging $	Total $	Retained earnings $	Total $
Balance as at March 31, 2015	81,695	3,213	(1,046)	2,167	38,241	122,103
Profit for the year	-	-	-	-	15,832	15,832
Other comprehensive income for the year, net of income tax	-	-	997	997	-	997
Comprehensive income for the year	-	-	997	997	15,832	16,829
Repurchase of common shares for cancellation (Note 14)	(2,855)	-	-	-	(6,257)	(9,112)
Dividends declared on common shares	-	-	-	-	(6,015)	(6,015)
BALANCE AS AT MARCH 31, 2016	78,840	3,213	(49)	3,164	41,801	123,805

FOR THE YEAR ENDED MARCH 31, 2015

		RESERVES				
In thousands of Canadian dollars	Share capital $	Equity-settled employee benefits $	Cash flow hedging $	Total $	Retained earnings $	Total $
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 14)	(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

Refer to the notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

In thousands of Canadian dollars	2016 $	2015 $
CASH FLOWS RELATED TO		
Operating activities		
Profit for the year	15,832	15,633
Adjustments for the following items:		
Amortization and depreciation (Note 17)	5,526	6,557
Amortization of deferred lease inducement	(148)	(125)
Amortization of deferred financing costs	10	120
Interest expense	1,239	955
Foreign exchange	(189)	(1,432)
Share of profit of a joint venture	(163)	(217)
Deferred taxes	1,110	777
Loss on disposal of intangible assets	85	-
Gain on disposal of property, plant and equipment	(4)	-
Income tax expense recognized in profit	5,041	4,766
Changes in non-cash working capital items (Note 21 a))	1,605	2,134
Interest paid	(1,229)	(922)
Income taxes paid	(6,405)	(4,164)
	22,310	24,082
Investing activities		
Acquisition of property, plant and equipment (Note 21 a))	(1,228)	(766)
Acquisition of intangible assets	(3,016)	(1,718)
Distribution from a joint venture	500	-
Proceeds on disposal of property, plant and equipment	5	-
	(3,739)	(2,484)
Financing activities		
Increase in long-term debt	9,112	-
Repayment of long-term debt	(8,712)	(10,940)
Financing costs	(199)	-
Repurchase of share capital for cancellation (Note 14)	(9,112)	(4,957)
Lease inducement received	-	79
Cash dividends paid on common shares	(6,068)	(6,302)
	(14,979)	(22,120)
Net change in cash and cash equivalents for the year	3,592	(522)
Impact of exchange rate changes on cash and cash equivalents	108	892
Cash and cash equivalents at beginning of year	8,212	7,842
Cash and cash equivalents at end of year	11,912	8,212
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	10,901	7,546
Cash held for the benefit of third parties	1,011	666

Refer to the notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016 AND MARCH 31, 2015

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 8).

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, Quebec, Canada.

The Board of Directors approved the consolidated financial statements on June 7, 2016. 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 consolidated 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, 2016.

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 a 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 at 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, including 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 (expenses) revenues.

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 and are included in Other (expenses) revenues.

+ 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 23.

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 fair 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 9.

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 th 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	Lesser of term of the lease and useful life

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 (expenses) revenues.

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 softwares 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 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 future economic benefit and cost measurement criteria are met. In such a 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 May 2022, in October 2022 and in May 2026. 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*, 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 that aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model that has an expanded scope, is based on expected credit losses rather than incurred credit losses and generally will result in earlier recognition of losses. This new standard supersedes all prior versions of IFRS 9. The Company has not yet examined the impacts of this new standard.
IFRS 15 *Revenue from Contracts with Customers*	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.

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

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 would 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 12 for more information on goodwill impairment testing and Note 11 for the test of indefinite-life intangible assets.

Business combinations

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

See Note 2 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 12 for more information on attributions of goodwill to cash-generating units and Note 11 for the attribution of indefinite-life intangible assets to cash-generating units.

5 SEGMENT INFORMATION

The Company has only one reportable segment.

Geographical information is as follows:

In thousands of Canadian dollars	2016 $	2015 $
REVENUES		
Canada	45,683	46,105
United States	24,912	21,349
Asia and other	1,825	2,115
Europe	600	678
	73,020	70,247

In thousands of Canadian dollars	AS AT MARCH 31, 2016 $	AS AT MARCH 31, 2015 $
NON-CURRENT ASSETS		
Canada	139,090	140,100
United States	24,586	24,681
Asia and other	4	6
	163,680	164,787

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	2016 $	2015 $
Revenues from rights of use	53,384	52,048
Revenues from transaction fees	8,426	6,728
Revenues from advertising	6,419	6,663
Revenues from software development	2,370	2,627
Revenues from integration, maintenance and hosting	1,601	1,312
Other	820	869
	73,020	70,247

7 SUBSIDIARIES

The table below provides details on the subsidiaries that the Company owned directly and indirectly as at March 31, 2016.

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

8 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, 2016 the Company recorded revenues of $1,694,070 ($1,618,860 in 2015) from transactions with GWS. In addition, the Company recharged to GWS operating expenses in the amount of $300,043 ($254,039 in 2015). These recharges were presented against operating expenses in the Consolidated Statement of Income. As at March 31, 2016, GWS accounts receivable to the Company are $143,816 ($120,980 as at March 31, 2015).

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

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

Cash received as at March 31, 2016, 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 $212,095 (US$163,515) ($206,084 in 2015 (US$162,488)). As at March 31, 2016, the amount of accounts receivable related to rebate and disposition transactions amounted to $695,150 (US$535,926) ($563,258 in 2015 (US$444,105)).

The amount received as at March 31, 2016, for escrow services presented on the Consolidated Statement of Financial Position as Cash held for the benefit of third parties amounted to $798,704 (US$615,761) ($460,127 in 2015 (US$362,790)).

The total accounts payable for these transactions amounted to $1,705,949 (US$1,315,202) ($1,229,469 in 2015 (US$969,383)) and are presented in Other accounts payable in the Consolidated Statement of Financial Position.

10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

In thousands of Canadian dollars	OFFICE FURNITURE $	COMPUTER AND OTHER EQUIPMENT $	LEASEHOLD IMPROVEMENTS $	ASSETS UNDER FINANCE LEASES $	TOTAL $
COST					
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
Acquisitions	296	824	369	-	1,489
Disposals	(51)	(31)	-	-	(82)
BALANCE AS AT MARCH 31, 2016	1,881	9,652	1,695	-	13,228
Accumulated depreciation					
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)
Eliminations related to asset disposals	52	29	-	-	81
Depreciation for the year	(215)	(674)	(138)	-	(1,027)
BALANCE AS AT MARCH 31, 2016	(1,408)	(8,537)	(738)	-	(10,683)
NET CARRYING AMOUNT					
Balance as at March 31, 2015	391	967	726	-	2,084
BALANCE AS AT MARCH 31, 2016	473	1,115	957	-	2,545

11 INTANGIBLE ASSETS AND ACQUIRED INTANGIBLE ASSETS

Intangible assets consist of the following:

	INTANGIBLE ASSETS		
In thousands of Canadian dollars	SOFTWARE $	INTERNALLY DEVELOPED SOFTWARE AND WEBSITES $	TOTAL $
COST			
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
Acquisitions	1,148	1,868	3,016
Disposals	(61)	(34)	(95)
BALANCE AS AT MARCH 31, 2016	5,131	3,014	8,145
ACCUMULATED AMORTIZATION			
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)
Eliminations related to asset disposals	-	10	10
Amortization for the year	(583)	(450)	(1,033)
BALANCE AS AT MARCH 31, 2016	(4,037)	(491)	(4,528)
NET CARRYING AMOUNT			
Balance as at March 31, 2015	590	1,129	1,719
BALANCE AS AT MARCH 31, 2016	1,094	2,523	3,617

Acquired intangible assets comprise the following:

In thousands of Canadian dollars	ACQUIRED INTANGIBLE ASSETS				
	CLIENT BASES $	**TECHNOLOGY** $	**FINITE-LIFE TRADEMARKS** $	**INDEFINITE-LIFE TRADEMARKS** $	**TOTAL** $
COST					
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
BALANCE AS AT MARCH 31, 2016	21,118	18,776	604	46,500	86,998
ACCUMULATED AMORTIZATION					
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)
Amortization for the year	(1,497)	(1,969)	-	-	(3,466)
BALANCE AS AT MARCH 31, 2016	(14,634)	(14,522)	(604)	-	(29,760)
NET CARRYING AMOUNT					
Balance as at March 31, 2015	7,981	6,223	-	46,500	60,704
BALANCE AS AT MARCH 31, 2016	6,484	4,254	-	46,500	57,238

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 distinctive features.

The Company performed an annual impairment test of the cash-generating unit in the fourth quarter of the year ended March 31, 2016, 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 was recorded on the trademark with an indefinite useful life during the years ended March 31, 2016 and March 31, 2015.

As at March 31, 2016, 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 premiums 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 units 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 within 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.

12 GOODWILL

As at March 31, 2016 and 2015, goodwill stood at $100,280,000.

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, 2016, 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, 2016 and March 31, 2015.

As at March 31, 2016, 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.

13 LONG-TERM DEBT

On December 18, 2015, the Company renewed its credit agreement, which was entered into on November 10, 2011, (the "Credit Agreement") with three Canadian financial institutions pursuant to which lenders made available to the Company a $80,000,000 ($60,000,000 as at March 31, 2015) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40,000,000 ($40,000,000 as at March 31, 2015) subject to lenders' acceptance.

The Revolving Facility expires on December 18, 2020, and any outstanding amounts are due in full at maturity. Amounts under the Credit Agreement are repayable before maturity without penalty. As at March 31, 2016, the Company's Revolving Facility stood at $26,500,000 ($26,100,000 as at March 31, 2015) and the amount is due in full during the fiscal year ending March 31, 2021.

The Revolving Facility bears 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, 2016, the actual rate was 0.88% (1.00% as at March 31, 2015) and the margin was 1.20% (1.50% as at March 31, 2015). In addition, the unused portion of the Revolving Facility bears interest at 0.24% (0.30% as at March 31, 2015) 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, 2016 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 (1.20:1.00 as at March 31, 2015) at all times.
2. a total debt to EBITDA ratio of not more than 3.0 (2.5 as at March 31, 2015).

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, 2016 $**	**AS AT MARCH 31, 2015 $**
Revolving credit facility, bearing interest at the bankers' acceptance rate, plus 1.20% (1.50% as at March 31, 2015), maturing in December 2020	26,500	26,100
Deferred financing costs i)	(189)	-
	26,311	26,100

i) The deferred financing costs are amortized using the effective interest rate method.

14 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:

	2016		2015	
In thousands	**SHARES**	**$**	**SHARES**	**$**
BALANCE AT BEGINNING OF YEAR	15,542	81,695	15,817	83,141
Repurchased for cancellation i)	(543)	(2,855)	(275)	(1,446)
BALANCE AT END OF YEAR	14,999	78,840	15,542	81,695

i) During the year ended March 31, 2016, the Company repurchased 543,276 of its common shares (275,100 in 2015) for a cash consideration of $9,112,261 ($4,957,141 in 2015) in connection with its Normal Course Issuer Bid. A total amount of $2,855,413 ($1,446,003 in 2015) was recorded as a deduction from Share capital, corresponding to an average issue price of $5.26 ($5.26 in 2015) per share before repurchase, and the balance was charged to Retained earnings.

c) Dividends declared

Subsequent to the end of the year ended March 31, 2016, i.e., on June 7, 2016, the Company announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2016 to shareholders of record on July 4, 2016.

2016

On February 9, 2016, the Company announced the payment of a cash dividend of $0.10 per share, payable on April 15, 2016, to shareholders of record on April 1, 2016.

On November 10, 2015, the Company announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2016, to shareholders of record on January 4, 2016.

On August 4, 2015, the Company announced the payment of a cash dividend of $0.10 per share, payable on October 15, 2015, to shareholders of record on October 1, 2015.

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 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.

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 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 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.

15 STOCK-BASED COMPENSATION

In 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 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 $1,400 per employee ($1,300 in 2015). 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 is equal to the market price of the Company's common shares on the purchase date.

16 TECHNOLOGY

In thousands of Canadian dollars	**2016 $**	**2015 $**
Research and development costs incurred	15,395	15,347
Tax credits	(3,072)	(1,915)
	12,323	13,432
Capitalized internally developed software and websites i)	(1,868)	(1,180)
	10,455	12,252
Amortization of capitalized internally-developed software and websites	450	51
	10,905	12,303

i) Capitalized internally-developed software and websites are shown net of tax credits of $958,547 ($529,168 in 2015). These tax credits were capitalized because they are related to the internally developed software and websites.

17 EXPENSES BY TYPE

Operating profit includes the following items:

In thousands of Canadian dollars	2016 $	2015 $
Amortization and depreciation		
Depreciation of property, plant and equipment	1,027	1,038
Amortization of intangible assets	1,033	548
Amortization of acquired intangible assets	3,466	4,971
Total	5,526	6,557
Employee benefits expense		
Salaries and employee benefits	30,647	29,078
Termination benefits	285	476
	30,932	29,554
Tax credits	(3,072)	(1,915)
Total	27,860	27,639

During the fiscal year ended March 31, 2016, the Company changed the comparative figures in expenses in order to conform to the current year's presentation of tax credits.

18 LEASES

The operating leases are for office spaces 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	2016 $	2015 $
Minimum lease payments	1,656	1,558

Obligations under non-cancellable operating leases:

In thousands of Canadian dollars	2016 $	2015 $
Less than 1 year	1,675	1,402
More than 1 year and less than 5 years	5,445	4,449
More than 5 years	2,159	1,304
	9,279	7,155

19 INCOME TAXES

a) The income tax expense consists of the following:

In thousands of Canadian dollars	2016 $	2015 $
Current tax expense		
Current taxes	4,361	4,757
Adjustments recognized during the year for current taxes of prior years	681	9
Deferred tax expense		
Deferred tax expense relating to the origination and reversal of temporary differences	1,851	752
Adjustments recognized during the year for the deferred tax of prior years	(741)	25
Income tax expense	6,151	5,543

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

	2016 %	2015 %
Weighted-average statutory tax rate	26.9	26.9
Increase (decrease) arising from:		
Geographic distribution of operating profits	0.3	-
Non-deductible expenses (non-taxable income) and other	0.3	(0.8)
Reserve	0.6	-
Prior-year tax adjustments and contributions	(0.1)	0.1
Actual tax rate	28.0	26.2

The tax rates used for the above-reconciled results for 2016 and 2015 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 $	DEFERRED RENT $	DERIVATIVE FINANCIAL INSTRUMENTS $	FINANCING COSTS $	RESEARCH AND DEVELOPMENT $	TAX LOSSES $	TAX CREDIT $	SHARE ISSUANCE COSTS $	TOTAL $
Balance as at March 31, 2014	496	(13,838)	(11)	(103)	231	180	29	1,060	3,855	(1,148)	164	(9,085)
(Expense) deferred tax recovery for the year recognized in profit	(24)	(399)	33	321	(5)	-	3	29	(763)	82	(54)	(777)
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-	-	-	-	-	540	-	-	540
Deferred tax recovery for the year related to other comprehensive income	-	-	-	-	-	204	-	-	-	-	-	204
Balance as at March 31, 2015	472	(14,237)	22	218	226	384	32	1,089	3,632	(1,066)	110	(9,118)
(Expense) deferred tax recovery for the year recognized in profit	314	(569)	(16)	181	(41)	-	(37)	(751)	177	(313)	(55)	(1,110)
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-	-	-	-	-	81	-	-	81
Deferred tax recovery for the year related to other comprehensive income	-	-	-	-	-	(366)	-	-	-	-	-	(366)
Balance as at March 31, 2016	786	(14,806)	6	399	185	18	(5)	338	3,890	(1,379)	55	(10,513)

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

In thousands of Canadian dollars	MARCH 31, 2016 $	MARCH 31, 2015 $
Deferred tax assets	5,091	5,945
Deferred tax liabilities	(15,604)	(15,063)
	(10,513)	(9,118)

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 unfavorable outcomes from tax audits and makes provisions for this purpose if the Company considers that an unfavorable outcome will occur. As at March 31, 2016, an amount of $431,000 has been recorded as a provision for U.S. sales tax while no provision was recorded as at March 31, 2015.

Deferred tax losses

As at March 31, 2016, the Company's U.S. subsidiaries had accumulated net operating losses at the federal level of approximately US$34,530,273 (CA$44,789,217). Some of these losses are limited to a maximum annual amount and expire from 2017 through 2030. Therefore, an amount of US$26,392,628 (CA$34,233,878) losses can never be used against future taxable income. A deferred tax asset has been recognized on a deferred tax loss amount of US$8,137,645 (CA$10,555,339).

In addition, the Company's U.S. subsidiaries had accumulated net operating losses at the state level of approximately US$11,333,450 (CA$14,700,618). These losses expire from 2019 through 2028. A valuation allowance of approximately US$4,694,436 (CA$6,089,153) has been recorded for these losses. A deferred tax asset has been recognized on a deferred tax loss amount of US$6,639,014 (CA$8,611,465).

As at March 31, 2016, the Company's Canadian subsidiaries also have $518,977 in accumulated research and development costs at the federal level and $2,188,021 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.

20 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	**2016** **$**	**2015** **$**
Directors – Directors' fees	246	210
Management team		
Short-term benefits	3,385	3,223
	3,631	3,433

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

21 SUPPLEMENTARY STATEMENTS OF INCOME AND CASH FLOW INFORMATION

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

In thousands of Canadian dollars	**2016** **$**	**2015** **$**
Decrease (increase) in:		
Accounts receivable	(236)	907
Tax credits receivable	(1,181)	320
Prepaid expenses and deposits	831	349
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,413	688
Other accounts payable	477	(428)
Deferred revenues	301	298
	1,605	2,134

During fiscal year ended March 31, 2016, the Company made non-cash acquisitions of property, plant and equipment for an amount of $261,135.

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

In thousands of Canadian dollars	**2016** **$**	**2015** **$**
Foreign exchange gain	115	1,174
Interest related to a tax settlement	(434)	-
Loss on disposal of intangible assets and property, plant and equipment	(81)	-
	(400)	1,174

c) Financial expenses consist of the following:

In thousands of Canadian dollars	2016 $	2015 $
Amortization of deferred financing costs	10	120
Interest on long-term debt	805	955
	815	1,075

22 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 acquisitions.

Other than the financial ratios described in Note 13 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.

23 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	**2016 U.S.$**	**2015 U.S.$**
Cash and cash equivalents	7,312	5,027
Accounts receivable	836	825
Accounts payable and accrued liabilities	(651)	(710)
Total in foreign currencies	7,497	5,142
Total in Canadian dollars	9,724	6,522

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	**2016 $**	**2015 $**
Notional amount US$	11,200	11,250
Weighted-average rate USD-CAD	1.2920	1.1418
Maturity (fiscal year)	2017-2018	2016-2017

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	**2016 $**	**2015 $**
Profit	(157)	(104)
Other comprehensive income	644	398

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, 2016, 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, 2016, 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 $287,900 ($315,700 in 2015) on the Company's profit for the year ended March 31, 2016. 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	**2016** **$**	**2015** **$**
Balance at beginning of year	(142)	(245)
Write-off	201	199
Expense for the year	(207)	(96)
Balance at end of year	(148)	(142)

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

In thousands of Canadian dollars	**2016** **$**	**2015** **$**
Current	2,402	2,192
Past due		
1 - 30 days	2,834	2,204
31 - 60 days	554	1,057
61 - 90 days	101	130
Over 90 days	36	108
Total accounts receivable	5,927	5,691

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, 2016, the Company had a $80,000,000 credit facility, of which $53,500,000 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 valued; and inputs that are derived mainly from or corroborated by observable market data using correlation or other forms of relationship.

+ Level 3: valuation techniques based significantly on inputs that are not observable in the market.

The Company's policy is to recognize transfers made between different hierarchy levels at the date of the event or change in circumstances that caused the transfer. During the years ended March 31, 2016 and 2015, no financial instruments were transferred between levels 1, 2 and 3.

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	**2016** **$**	**2015** **$**
Level 1	-	-
Level 2	(69)	(1,431)
Level 3	-	-
Total	(69)	(1,431)

The negative fair value of these derivative financial instruments of $68,601 (US$52,888) reflects the estimated amounts that the Company would have to pay to settle the contracts as at March 31, 2016, using relevant market rates. As at March 31, 2015, the fair value was negative at $1,431,349 (US$1,128,557).

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.

24 SUBSEQUENT EVENT

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

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

Due to the short period between the date of acquisition of the assets of ASC and the date of issuance of these consolidated financial statements, the fair value of the tangible and intangible assets acquired has not yet been determined. Consequently, the initial accounting of the transaction has not been completed.

ADDITIONAL INFORMATION

MARKET AND TICKER SYMBOL

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

TRANSFER AGENT

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

AUDITOR

Deloitte LLP
1190 Avenue des Canadiens-de-Montréal, Montreal, Quebec, Canada H3B 0M7
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 Inc.
1500 Robert-Bourassa Blvd., Suite 700, Montreal, Quebec, Canada H3A 3S8
Tél. : 1 800 564-6259 (toll-free in North America)
service@computershare.com

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting of Shareholders will be held on Thursday, September 15, 2016, 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 2016 de la Société est aussi publié en français.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

CLAUDE ROY
Quebec, Canada
Chairman of the Board,
President and Chief Executive
Officer of the Corporation

ANDRÉ COURTEMANCHE
Quebec, Canada
President and Chief Executive Officer
Viavar Capital inc.

MICHEL DUBÉ
Quebec, Canada
Consultant

ANDRÉ GAUTHIER
Quebec, Canada
President
Holding André Gauthier inc.

GILLES LAPORTE
Quebec, Canada
Director of corporations

GILLES LAURIN
Quebec, Canada
CPA, CA
Director of corporations

CATHERINE ROY
Quebec, Canada
Senior Consultant, Executive Search
Décarie Recherche

JEAN-FRANÇOIS SABOURIN
Quebec, 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

RICHARD LAMPRON
Chief Operating Officer

PAUL BOURQUE
Chief Financial Officer

SUZANNE MOQUIN
Vice President, Consumers Solutions

MARK EIGENBAUER
Vice President, US Operations

CAMIL ROUSSEAU
Vice President, Research & Development

HÉLÈNE HALLAK
Vice President and General Counsel

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, clinical research institutes and hospitals.

+ Heart & Stroke Foundation
+ Fondation Père Sablon
+ Fondation institut de gériatrie de Montréal
+ Maison des soins Palliatifs de Laval
+ 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 Portage
+ Fondation des Amis du Tennis
+ Fondation Orchestre Symphonique de Longueuil
+ The Enbridge Ride to Conquer Cancer
+ Marie-Vincent Foundation
+ Opération Père-Noël
+ 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
MEDIAGRIF INTERACTIVE TECHNOLOGIES INC.
1111 St-Charles Street West, Suite 255
Longueuil, Québec
Canada J4K 5G4
Toll Free: 877 677-9088
Phone: 450 449-0102
Fax: 450 449-8725
www.mediagrif.com