Consolidated Financial Statements

TEXADA SOFTWARE INC.

Years ended December 31, 2011, December 31, 2010
and January 1, 2010

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Texada Software Inc.

We have audited the accompanying consolidated financial statements of Texada Software Inc. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years then ended December 31, 2011 and December 31, 2010, and notes, comprising 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 Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 our 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, we consider internal control relevant to the Company'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 Company'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 is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Texada Software Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 24, 2012

Waterloo, Canada

TEXADA SOFTWARE INC.

Consolidated Statements of Financial Position

As at December 31, 2011, December 31, 2010 and January 1, 2010

	December 31, 2011	December 31, 2010	January 1 2010
Assets			
Current assets:			
Cash	$ 1,978,219	$ 851,371	$ 540,485
Accounts receivable	2,326,136	627,084	471,639
Inventory (note 4)	327,314	-	-
Prepaid expenses and other assets	546,330	9,450	10,523
	5,177,999	1,487,905	1,022,647
Indemnity fund (note 4)	203,400	-	-
Property and equipment (note 6)	17,546,769	49,469	60,170
Intangible assets (note 7)	1,204,401	-	3,807
Loan receivable (note 6)	87,500	87,500	52,500
	$ 24,220,069	$ 1,624,874	$ 1,139,124
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	$ 2,282,538	$ 1,120,490	$ 1,483,051
Deferred revenue	311,238	304,636	377,695
Promissory note payable	-	-	44,792
Current portion of license obligation (note 8)	195,567	-	-
Current portion of long-term debt (note 9)	1,199,879	-	-
Convertible debentures (note 10)	-	1,221,356	-
	3,989,222	2,646,482	1,905,538
License obligation (note 8)	756,719	-	-
Long-term debt (note 9)	11,818,140	-	-
Convertible debentures (note 10)	-	-	1,032,791
Deferred income tax liability (note 11)	1,522,000	-	-
Shareholders' equity (deficiency):			
Share capital (note 12)	20,675,595	15,571,062	15,170,062
Special warrants	-	-	413,697
Convertible debentures conversion	-	139,717	139,717
Contributed surplus	2,658,583	2,412,107	1,934,291
Accumulated other comprehensive income	373,783	105,856	77,574
Deficit	(17,573,973)	(19,250,350)	(19,534,546)
	6,133,988	(1,021,608)	(1,799,205)
	$ 24,220,069	$ 1,624,874	$ 1,139,124

See accompanying notes to consolidated financial statements.

On behalf of the Board:

/s/ William Swisher Director

/s/ Aly Mawji Director

TEXADA SOFTWARE INC.

Consolidated Statements of Comprehensive Income

Years ended December 31, 2011 and 2010

	2011	2010
Revenue:		
Software and services	$ 4,459,653	$ 4,447,151
Rental	3,209,867	-
	7,669,520	4,447,151
Cost of revenue:		
Software and services	536,205	434,182
Rental	975,118	-
	1,511,323	434,182
Gross profit	6,158,197	4,012,969
Operating expenses:		
Support, maintenance and delivery	2,790,592	1,397,474
Research and development	815,665	544,879
Sales and marketing	660,008	315,934
General and administration	2,872,632	1,158,240
Gain on fair value increment on acquisition net of income taxes (note 4)	(3,218,200)	-
Business acquisition expenses (note 4)	309,003	-
	4,229,700	3,416,527
Earnings from operations	1,928,497	596,442
Financing costs:		
Interest expense	330,179	75,342
Interest expense on convertible debentures	451,517	101,346
Accretion on convertible debentures	69,077	87,218
Foreign exchange loss	19,347	48,340
	870,120	312,246
Earnings before income taxes	1,058,377	284,196
Deferred income tax expense (recovery) (note 11)	(618,000)	-
Net earnings	1,676,377	284,196
Other comprehensive income:		
Foreign currency translation adjustment	267,927	28,282
Total comprehensive income	$ 1,944,304	$ 312,478
Net earnings per share: (note 13)		
Basic	$ 0.08	$ 0.03
Diluted	0.07	0.03
Weighted average number of shares outstanding: (note 13)		
Basic	21,819,756	8,767,349
Diluted	24,188,393	8,767,349

See accompanying notes to consolidated financial statements.

TEXADA SOFTWARE INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Years ended December 31, 2011 and 2010

	Share capital	Special warrants	Convertible debentures conversion option	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, January 1, 2010	$ 15,170,062	$ 413,697	$ 139,717	$ 1,934,291	$ 77,574	$ (19,534,546)	$ (1,799,205)
Share capital issuance	401,000	-	-	-	-	-	401,000
Expiration of special warrants	-	(413,697)	-	413,697	-	-	-
Stock-based compensation	-	-	-	64,119	-	-	64,119
Other comprehensive income - foreign currency translation adjustment	-	-	-	-	28,282	-	28,282
Net earnings	-	-	-	-	-	284,196	284,196
Balance, December 31, 2010	15,571,062	-	139,717	2,412,107	105,856	(19,250,350)	(1,021,608)
Share capital issuance	5,104,533	-	-	-	-	-	5,104,533
Convertible debentures conversion	-	-	(139,717)	139,717	-	-	-
Stock-based compensation	-	-	-	106,759	-	-	106,759
Other comprehensive income - foreign currency translation adjustment	-	-	-	-	267,927	-	267,927
Net earnings	-	-	-	-	-	1,676,377	1,676,377
Balance, December 31, 2011	$ 20,675,595	$ -	$ -	$ 2,658,583	$ 373,783	$ (17,573,973)	$ 6,133,988

See accompanying notes to consolidated financial statements.

TEXADA SOFTWARE INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

		2011		2010
Cash provided by (used in):				
Operations:				
Net earnings	$	1,676,377	$	284,198
Items not involving cash:				
Amortization		971,526		33,341
Stock-based compensation		106,759		64,119
Interest expense		237,248		75,341
Interest on convertible debentures added to principal		451,517		101,346
Accretion on convertible debentures		69,077		87,218
Gain on fair value increment on acquisition net of income taxes		(3,218,200)		-
Foreign currency translation adjustment		59,887		14,534
Tax recovery		(618,000)		-
Change in non-cash operating working capital (note 15)		(635,193)		(653,772)
		(899,002)		6,325
Investing activities:				
Business acquisition (note 4)		(122,413)		-
Indemnity fund		(195,860)		-
Purchase of property and equipment		(4,030,825)		(18,833)
		(4,349,098)		(18,833)
Financing activities:				
Proceeds from issuance of common shares		5,104,533		401,000
Proceeds from long-term debt		3,567,019		-
Repayment of long-term debt		(361,202)		-
Repayment of convertible debentures		(1,741,950)		-
Loan receivable advance		-		(35,000)
Interest paid		(180,621)		(12,972)
Decrease in promissory notes payable		-		(44,792)
		6,387,779		308,236
Effect of exchange rate changes on cash		(12,831)		15,158
Increase in cash		1,126,848		310,886
Cash, beginning of year		851,371		540,485
Cash, end of year	$	1,978,219	$	851,371

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Texada Software Inc. (the "Company or Group") was incorporated under the Company's Act (British Columbia). The address of the Company’s registered office is located at 7B-291 Woodlawn Road, Guelph, Ontario, N1H 7L6. The consolidated financial statements of the Company as at and for the year ended December 31, 2011 and 2010 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

Texada Software Inc. operates in two complementary businesses; enterprise asset management software for rental companies and other organizations (the “software business”) and equipment rental (the “equipment rental business”).

The software business has a customer base of over 5,000 users worldwide that utilize its software products and solutions to manage the complete asset life-cycle of rental assets from acquisition through to disposal, including managing asset utilization, location tracking, and scheduling.

The Company, effective August 30, 2011, through its wholly owned US equipment rental subsidiary, entered the rental business with the acquisition of the operating assets of Rolls Scaffold & Equipment, Inc., dba Rolls High Reach. The equipment rental business is conducted at four locations in Southern California with a wide range of over 1,000 aerial fleet units.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These are the Group’s first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. Subject to certain transition elections disclosed in note 21, the Company has consistently applied the same accounting policies in its opening IFRS consolidated statement of financial position at January 1, 2010 (the “transition date”) and throughout all periods presented, as if these policies had always been in effect.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 23. This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under previous Canadian generally accepted accounting principles (“GAAP”) to those reported for those periods and at the date of transition under IFRS.

The consolidated financial statements are presented using the functional classification for expenses.

The consolidated financial statements were authorized for issue by the Board of Directors on [April 24, 2012].

2. Basis of preparation (continued):

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

The functional currency of the Group's entities is the currency of their primary economic environment.

In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are taken to the statement of Comprehensive Income. Non-monetary items that are measured is terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, assets and liabilities of Group entities reported in their functional currencies are translated into the Canadian dollar at the exchange rate on the reporting date.

The functional currency of the Company's Canadian operations is the Canadian dollar. The functional currency of the Company's subsidiary operations located in the United States is the US dollar and for its operations in Australia, the Australian dollar.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 4 (l) Revenue

Note 4 (c)(i) Financial instruments - Loans and receivables

Note 4 (d) Property and equipment

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 (k) Provisions

Note 5 Acquisition of the operating assets of Rolls High Reach

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3. Summary of significant accounting policies:

(a) Basis of consolidation:

(i) Business combinations:

The consolidated financial statements include the accounts of Texada Software Inc. and its wholly-owned subsidiaries, RentOnTheDot, Inc., Systematic Computer Services Corp., Texada Software Pty Ltd. and Noble Rents, Inc. All significant inter-company transactions and balances have been eliminated.

For acquisitions on or after January 1, 2009, the Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a gain on fair value increment on acquisition is recognized immediately in the Statement of Comprehensive Income.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

As part of its transition to IFRS, the Group elected to not restate the business combinations made prior to January 1, 2010.

3. Summary of significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency:

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities and are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year end rates. Any resulting exchange differences are included in the respective statement of comprehensive income captions depending upon the nature of the underlying transactions.

ii) Foreign operations:

The assets and liabilities of foreign operations, the income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income in accumulated other comprehensive income.

(c) Financial assets and financial liabilities:

Financial assets and financial liabilities are initially recognized at fair value plus directly attributable transaction costs, unless the transaction costs relate to financial instruments classified as fair value through profit and loss, in which case they are expensed immediately. Subsequent measurement is determined based on initial classification.

The Group uses trade date accounting for regular-way purchases and sales of financial assets.

3. Summary of significant accounting policies (continued):

(c) Financial assets and financial liabilities (continued):

(i) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes trade and other receivables.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less appropriate allowances for doubtful receivables.

Allowances for doubtful receivables represent the Group's estimates of losses that could arise from the failure of inability of customers to make payments when due.

Loans and receivables are further classified as current and non-current depending whether these will be realized within twelve months after the balance sheet date or beyond.

(ii) Other liabilities:

This category includes trade and other payables. Subsequent to initial measurement, other liabilities are carried at amortized cost using the effective interest rate method.

(iii) Fair value through profit or loss:

A financial instrument is classified as fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. This category includes cash and cash equivalents, loans and borrowings and derivative financial instruments.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the consolidated statements of comprehensive income.

(iv) Fair value:

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parities who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data.

3. Summary of significant accounting policies (continued):

(d) Property and equipment:

Property and equipment are shown in the balance sheet at their historical cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after January 1, 2010. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is provided on components that have homogenous useful lives by using the straight-line method so as to depreciate the initial cost down to the residual value over the estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

• Equipment rental fleet	3 - 6 years dependent on equipment age; 10% residual
• Vehicles	5 years
• Furniture and fixtures	5 years
• Computer equipment	3 years
• Leaseholds	Shorter of lease term or useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively if appropriate.

(e) Intangible assets:

Intangible assets are shown on the balance sheet at historical cost. Amortization is provided by using the straight-line method so as to amortize the initial cost over the estimated useful life of the asset.

The estimated useful lives for the current and comparative periods are as follows:

• Customer list	5 years
• Software license	Over the life of contract

3. Summary of significant accounting policies (continued):

(f) Non-derivative financial liabilities:

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other accrued payables and deferred revenue.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(g) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(h) Compound financial instruments:

Compound financial instruments issued by the Group comprise convertible debentures that can be converted to share capital at the option of the holder.

3. Summary of significant accounting policies (continued):

(h) Compound financial instruments (continued):

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss.

(i) Impairment of property, plant and equipment and finite life intangible assets:

The Group periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment and finite life intangible assets. The Group reviews for impairment of long-lived assets, or asset groups, held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The recoverable amount is the greater of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the risks specific to the country where the assets are located. Assets that suffer an impairment are tested for possible reversal of the impairment at each reporting date.

3. Summary of significant accounting policies (continued):

(j) Stock-based compensation:

The Group has a stock-based compensation plan and accounts for all stock-based compensation using the fair value based method.

Under the fair value based method, compensation cost for stock options and direct awards of stock is measured at fair value at the grant date. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. Compensation cost is recognized in earnings on a straight-line basis over the relevant vesting period. The counterpart is recognized in contributed surplus.

Upon exercise of a stock option, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus.

(k) Provisions:

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(l) Revenue:

Software business:

The Company's revenues from its software business are derived from product elements, comprised primarily of license fees and upgrades, and service elements, which include maintenance, implementation and training.

Product elements are recognized pursuant to a contract or purchase order, when each element is delivered to the customer, the fee is fixed and determinable, and collection of the related receivable is deemed probable by management.

Service elements, which include maintenance, are non-refundable, and are recognized ratably over the term of the agreement, which is typically twelve months. Revenues from implementation and training services are recognized when the services are performed.

3. Summary of significant accounting policies (continued):

(l) Revenue (continued):

Software business (continued):

Contract revenues are derived from contracts to develop applications, and provide consulting services and are included in service revenue within the consolidated statement of comprehensive income. Contract revenues are recognized under the percentage of completion method, using a methodology that accounts for costs incurred in relationship to total expected costs under the contract, after providing for any anticipated losses under the contract.

Revenue from sales arrangements that include multiple components is allocated amongst the components based upon the relative value of the components included in the arrangement. An element is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole. The fair value of each component is based on a hierarchy of (1) vendor specific objective evidence of selling price ("VSOE"), if available, (2) third-party evidence ("TPE") of selling price, if VSOE is unavailable, and (3) the cost-plus-margin ("CPM") method if neither VSOE nor TPE is available.

Product and service elements that have been prepaid but do not yet qualify for recognition as revenue under the Company's revenue recognition policy, are reflected as deferred revenue on the Company's consolidated statements of financial position.

Equipment rental business:

Rental revenue is recognized as equipment is rented by customers pursuant to a written contract. Contract periods are daily, weekly or monthly and revenue is recognized on a straight-line basis.

Revenue from the sale of new equipment and merchandise is recognized at the time of sale.

Proceeds from sale of used equipment are included in revenue when title has transferred, payment is not contingent upon performance of installation or service obligation and collectability is reasonably assured. At that time, the net book value of the equipment sold is included in cost of revenue.

(m) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(n) Earnings per share:

The Group presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing net earnings of the Group by the weighted average number of common shares outstanding during the reporting period. Diluted EPS are computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants or stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

3. Summary of significant accounting policies (continued):

(o) Segmented reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's senior management, including the Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(p) New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 *Financial Instruments*, which becomes mandatory for the Group's December 31, 2013 consolidated financial statements and is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.

4. Acquisition of the operating assets of Rolls High Reach:

On August 30, 2011, the Company's wholly-owned US subsidiary (the "Subsidiary") completed the acquisition of the operating assets of Rolls Scaffold & Equipment, Inc., dba Rolls High Reach, Inc. ("RHR"), a Southern California-based four location, aerial equipment rental business, which was established in 1958 (the "Rolls Acquisition"). This acquisition allows the Company to vertically integrate its existing asset management software business into equipment rental while leveraging senior management's extensive experience in operating equipment rental businesses.

The Rolls Acquisition was accomplished through two separate transactions, namely: (a) the acquisition of certain rental fleet and other operating business assets from RHR for cash of $122,412 ($125,000 US) and assumed liabilities totaling $1,126,562 ($1,150,375 US); and (b) the acquisition of rental fleet from an existing lender. The lender provided term financing of $9,444,901 ($9,644,543 US) (the "Lender Financing") in conjunction with the acquisition, repayable over a 48 month period and carrying an interest rate of 7.0% per annum. The Lender Financing is secured by a first security interest over all of the assets of the Subsidiary. The Company has provided a guarantee for the Lender Financing. The combination of (a) and (b) resulted in total consideration for the SoCal Acquisition by the Company of $10,693,875 ($10,919,918 US).

In conjunction with closing, the Company lodged the sum of $200,000 US (the "Indemnity Fund") in an escrow account for the benefit of the lender for any claims made against the lender in the one year period following closing. Should there be no claims or claims of less than $200,000 US then these monies will be returned to the Company. As of December 31, 2011 the Company is not aware of any such claims.

4. Acquisition of the operating assets of Rolls High Reach (continued):

The acquisition was accounted for using the purchase method. The purchase price was allocated to the assets acquired and the liabilities assumed based upon their estimated fair values as follows:

Assets acquired:		
Accounts receivable	$	1,655,482
Parts inventory		293,790
Property and equipment:		
Shop equipment		48,965
Vehicles		1,200,632
Rental fleet		12,608,382
Intangible asset - customer list		244,825
		16,052,076
Liabilities assumed and cash paid:		
Lender financing		(9,444,901)
Accounts payable and other debt		(1,126,562)
Deferred tax liability		(2,140,000)
Cash paid at closing		(122,413)
		(12,833,876)
Fair value increment on acquisition	$	3,218,200

The total fair value of the assets acquired was $3,218,200 in excess of liabilities assumed and cash paid. Accordingly, the Company has recorded a gain on fair value increment of this amount on the acquisition in the Consolidated Statement of Comprehensive Income during the year.

The Company incurred acquisition costs of $309,002 which have been recorded as a separate expense in the Consolidated Statement Comprehensive Income.

The assets, liabilities and results of operations of RHR have been consolidated with the Company from the acquisition date of August 30, 2011. RHR contributed $3,210,000 of revenue and $2,873,000 of net earnings to the Company's Consolidated Statement of Comprehensive Income for the year ended December 31, 2011. Had the acquisition occurred on January 1, 2011, RHR's revenue would have totaled approximately $8,780,000 and net earnings would have been approximately $2,011,000 for the year ended December 31, 2011.

5. Inventory:

Inventory consists of spare parts and servicing equipment to support the equipment rental business.

6. Property and equipment:

	Equipment rental fleet	Vehicles	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
Cost or deemed cost:						
Balance as of January 1, 2010	$ -	$ -	$ 1,204,921	$ 107,435	$ 117,445	$ 1,429,801
Additions	-	-	3,283	15,570	-	18,853
Balance as at December 31, 2010	$ -	$ -	$ 1,208,204	$ 123,005	$ 117,445	$ 1,448,654
Balance as of January 1, 2011	$ -	$ -	$ 1,208,204	$ 123,005	$ 117,445	$ 1,448,654
Acquisitions (note 4)	12,608,382	1,200,632	48,965	-	-	13,857,978
Other additions	3,951,548	-	25,965	26,761	7,923	4,012,197
Effect of movement in foreign exchange rates	509,213	46,221	2,002	-	45	557,480
Balance as at December 31, 2011	$ 17,069,143	$ 1,246,853	$ 1,285,136	$ 149,766	$ 125,413	$ 19,876,311
Deprecation and impairment losses:						
Balance as of January 1, 2010	$ -	$ -	$ 1,171,456	$ 93,232	$ 104,943	$ 1,369,631
Depreciation for the year	-	-	4,762	12,953	11,839	29,554
Balance as at December 31, 2010	$ -	$ -	$ 1,176,218	$ 106,185	$ 116,782	$ 1,399,185
Balance as of January 1, 2011	$ -	$ -	$ 1,176,218	$ 106,185	$ 116,782	$ 1,399,185
Depreciation for the year	817,299	82,649	8,500	15,662	1,059	925,170
Effect of movement in foreign exchange rates	4,688	474	21	-	2	5,186
Balance, December 31, 2011	$ 821,987	$ 83,123	$ 1,184,741	$ 121,847	$ 117,843	$ 2,329,542
Carrying amounts:						
At January 1, 2010	$ -	$ -	$ 33,465	$ 14,203	$ 12,502	$ 60,170
At December 31, 2010	-	-	31,986	16,820	663	49,469
At December 31, 2011	16,247,156	1,163,730	100,396	27,919	7,570	17,546,769

7. Intangible assets:

	Incorporation cost	Trademarks	Software licence	Customer List	Total
Cost or deemed cost:					
Balance as of January 1, 2010	$ 48,105	$ 36,361	$ -	$ -	$ 84,466
Balance as at December 31, 2010	48,105	36,361	-	-	84,466
Balance as of January 1, 2011	48,105	36,361	-	-	84,466
Acquisitions (note 4)	-	-	-	244,825	244,825
Other additions	-	-	1,028,369	-	1,028,369
Effect of movements in foreign exchange rates	-	-	(30,610)	9,425	(21,185)
Balance as at December 31, 2011	$ 48,105	$ 36,361	$ 997,759	$ 254,250	$ 1,336,475
Deprecation and impairment losses:					
Balance as of January 1, 2010	44,823	35,836	-	-	80,659
Amortization for the year	3,282	525	-	-	3,807
Balance as at December 31, 2010	$ 48,105	$ 36,361	$ -	$ -	$ 84,466
Balance as of January 1, 2011	48,105	36,361	-	-	84,466
Amortization for the year	-	-	33,137	16,853	48,989
Effect of movements in foreign exchange rates	-	-	(1,479)	98	(1,381)
Balance, December 31, 2011	$ 48,105	$ 36,361	$ 30,658	$ 16,951	$ 132,074
Carrying amounts:					
At January 1, 2010	$ 3,282	$ 525	$ -	$ -	$ 3,807
At December 31, 2010	-	-	-	-	-
At December 31, 2011	-	-	967,101	237,200	1,204,401

For the year ended December 31, 2010 (amortization on intangible assets is included in the Statement of Operations and Comprehensive Income) as follows:
i) Support maintenance and delivery - $952; ii) Research and development - $952 and, (iii) General and administration - $1,903.
For the year ended December 31, 2011 (amortization on intangible assets is included in the Statement of Operations and Comprehensive Income) as follows:
i) Cost of revenue, software and services - $30,658 and, ii) Sales and marketing - $16,951.

8. License and maintenance contract:

During the year, the Company completed a multi-year extension of its licensing agreement with its software development tools provider.

In accordance with IAS 38, the license fee component of this agreement meets the definition of an intangible asset and has been recorded as an asset along with the related liability.

The software maintenance fee component of the contract is being expensed over the term of the arrangement to September 2018 based upon the average amount due each quarter during the term.

License fees of $1,232,000 US are due over a five year period commencing October 1, 2011, payable quarterly in amounts ranging from $36,500 US to $70,000 US In addition, software maintenance fees of $1,968,000 US are due over an eight year period commencing October 1, 2011, payable quarterly in amounts ranging from $55,000 US to $68,750 US

The following are the amounts due in each year for both components of the agreement:

	Maintenance fee	License fee	Total
2012	$ 225,011	$ 283,489	$ 508,500
2013	230,096	278,404	508,500
2014	236,198	272,302	508,500
2015	246,877	236,198	483,075
2016	260,098	111,361	371,459
Thereafter	747,241	-	747,241
	$ 1,945,521	$ 1,181,754	$ 3,127,275

9. Long-term debt:

	December 31, 2011	December 31, 2010	January 1, 2010
Long-term debt	$ 13,018,019	$ -	$ -
Less: current portion	(1,199,879)	-	-
	$ 11,818,140	$ -	$ -

9. Long-term debt (continued):

The Company's US subsidiary entered into a loan agreement covering the terms and conditions of the above noted long-term debt, comprising two loan facilities. The "First Facility" was funded in conjunction with the acquisition described in note 5. The principal terms of this facility are as follows:

Advance Date: August 30, 2011

Interest Rate: 7.0%

Monthly Payments: 24 payments of $120,000 US on account of principal and interest followed by 24 equal payments of principal and interest calculated to amortize the remaining loan balance to $964,454 US

Maturity Date: September 30, 2015

Security: First security interest on all assets

Guarantor: Texada Software Inc.

Other: Open for repayment at any time without notice or prepayment premium

The balance outstanding as of December 31, 2011 on the First Facility is $9,526,985 ($9,714,664 US).

The Company has entered into a loan agreement (the "Second Facility") covering capital equipment financing from the same lender as the First Facility. The loan amount is up to $3,400,000 US to be drawn on the purchase of $4,000,000 US of rental fleet.

As of December 31, 2011, this facility has been fully drawn in various tranches. The principal terms of the facility are as follows:

Interest Rate: 5.92%

Monthly Payments: 12 equal payments of principal and interest totaling 1.0% per month of the value of the equipment financed followed by 50 equal payments of principal and interest to amortize the loan to 15% of the original amount

Maturity Date: 62 months following advance

Security: First security interest on all assets

Guarantor: Texada Software Inc.

Other: Open for repayment at any time without notice or prepayment premium

The balance outstanding as of December 31, 2011, on the Second Facility is $3,491,034 ($3,559,807 US).

9. Long-term debt (continued):

The Company has entered into a loan agreement (the “Third Facility”) covering capital equipment financing from the same lender as the First and Second Facility. The loan amount is up to $1,700,000 US which can be drawn on the purchase of $2,000,000 US of rental fleet under substantially the same terms and conditions as the Second Facility. As of December 31, 2011, and under the terms of the Third Facility, the Company has provided a non-refundable deposit to the lender in the amount of $200,000 US. The deposit is included in prepaid expense and other assets as at December 31, 2011.

The following are the principal amounts due over the next five years on long-term debt:

2012	$ 1,199,880
2013	2,041,653
2014	4,107,884
2015	4,297,478
2016 and thereafter	1,371,124
	$ 13,018,019

10. Convertible debentures:

	December 31, 2011	December 31, 2010	January 1, 2010
Face value of convertible debt outstanding:			
Maturing December 2, 2011	$ 1,071,775	$ 1,071,775	$ 1,071,775
Total face value of convertible debt outstanding	1,071,775	1,071,775	1,071,775
Accrued interest payable added to face value of debt	670,175	222,936	102,779
Total face value of convertible debt and accrued interest	1,741,950	1,294,751	1,174,554
Convertible debentures paid out and converted on maturity	(1,741,950)	-	-
Less accretion of convertible debt in future periods	-	(73,395)	(141,763)
	$ -	$ 1,221,356	$ 1,032,791

10. Convertible debentures (continued):

On December 2, 2008, the Company issued 1,095.5 units, of which 401.5 units were issued to directors or affiliates of directors of the Company for aggregate gross proceeds of $1,095,500. Costs of the financing were $23,725. Each unit consisted of $1,000 principal amount, 10% senior secured convertible debentures and 5,000 warrants. Interest accrues at 10% per annum and is added to the principal amount outstanding under the debentures. The Debentures matured on December 2, 2011 and holders of $713,500 principal amount of the convertible debentures elected to convert the amounts outstanding under the Debentures into Company shares of the Company. The amounts owing under the remaining $382,000 principal amount of Debentures, including accrued interest of $225,417 were paid out in cash to the holders.

During the current year and at the time of the closing of the private placement described in note 12, a change of control, as defined in the Debentures, took place. As such, $273,875 of additional interest was added to the Debentures.

The value of the liability component was originally estimated at $861,219 and was accreted over the period to December 2, 2011, to an amount of $1,071,775.

The Company provided a loan advance to a corporation controlled by a senior officer/director as part of the financing. The amount advanced was $62,500 and was used to acquire 62.5 units of the financing. The loan was paid down by $10,000 prior to December 31, 2008. The loan is non-interest bearing, due on December 2, 2016 (and in certain circumstances an earlier date should the senior officer/director cease to be employed by the Company) and is secured by the common shares acquired with the loan advance.

11. Income taxes:

(a) Income tax expense:

The income tax recovery differs from the amount that would be computed by applying the applicable federal and provincial statutory rates to the loss before income taxes. The reasons for the differences are as follows:

	2011	2010
Profit for the year	$ 1,676,377	$ 284,196
Total income tax recovery	(618,000)	-
Profit excluding income tax	1,058,377	284,196
Statutory income tax rate	28.3%	31.0%
Expected income tax expense (recovery)	299,521	88,101
Effect on income tax of:		
Difference related to gain on fair value incurred on acquisition	(1,281,951)	-
Difference between Canadian rate and rate applicable to subsidiaries in other countries	191,029	-
Unrecognized tax benefits of losses and temporary differences	154,714	(159,235)
Non-deductible expense and other permanent differences	18,687	71,134
Provision for income taxes	$ (618,000)	$ -

11. Income taxes:

(b) Deferred tax assets and liabilities:

(i) Unrecognized deferred tax assets:

	2011	2010
Net operating loss carryforwards	$ 2,422,217	$ 2,270,230
Property and equipment	123,769	132,841
Intangible assets	611,315	611,298
Total unrecognized deferred tax assets	$ 3,157,301	$ 3,014,369

(ii) Recognized deferred tax liabilities:

	Balance January 1, 2010	Recognized in profit or loss	Balance December 31, 2010	Recognized in profit or loss	Acquired in business combination	Balance December 31, 2011
Property and equipment	$ -	$ -	$ -	$ 1,697,000	$ 2,038,000	$ 3,735,000
Intangible assets	-	-	-	(7,000)	102,000	95,000
Net operating carryforwards	-	-	-	(2,308,000)	-	(2,308,000)
	$ -	$ -	$ -	$ (618,000)	$ (2,140,000)	$ (1,522,000)

There is no aggregate temporary differences associated with the Company's investments in its subsidiaries for which deferred tax liabilities have not be recognized.

11. Income taxes (continued):

At December 31, 2011, the Company has the following estimated amounts available to reduce future years' income for tax purposes for its Canadian, US and Australian operations.

	Recognized	Unrecognized	Total
2014	$ -	$ 295,000	$ 295,000
2015	-	570,000	570,000
2020	-	1,205,000	1,205,000
2021	-	930,000	930,000
2022	-	550,000	550,000
2023	-	35,000	35,000
2026	-	880,000	880,000
2027	-	2,075,000	2,075,000
2028	-	230,000	230,000
2029	-	60,000	60,000
2030	-	275,000	275,000
2031	6,260,000	1,140,000	7,400,000
Indefinite	-	415,000	415,000
	$ 6,260,000	$ 8,660,000	$ 14,920,000

12. Share capital:

(a) Authorized:

100,000,000 preferred shares without par value, assumable in one or more series.
An unlimited number of common shares without par value.

(b) Issued:

Common shares	Number	Amount
Balance, January 1, 2010	8,767,349	$ 15,170,062
Common shares issued for cash	4,010,000	401,000
Balance, December 31, 2010	12,777,349	15,571,062
Common shares issued for cash	40,000,000	3,970,000
Common shares issued on convertible debentures conversion	9,994,979	1,134,533
Balance, December 31, 2011	62,772,328	$ 20,675,595

12. Share capital (continued):

(b) Issued (continued):

On December 2, 2010, the Company issued 1,660,000 common shares at $0.10 per share for proceeds of $166,000. The shares were issued by virtue of the exercise of 1,660,000 share purchase warrants granted in the December 2, 2008 convertible debenture financing as described in note 10 for a total loan balance of $87,500.

On December 3, 2010, the Company issued 2,350,000 common shares in a private placement at $0.10 per share for proceeds of $235,000. In conjunction with the issuance, the Company advanced $35,000 to a director and senior officer on the same terms and conditions as described in note 10.

On August 30, 2011 and September 15, 2011, the Company issued a total of 40,000,000 common shares in a private placement at $0.10 per share for gross proceeds of $4,000,000. Expenses of the private placement of $30,000 have been deducted from the gross proceeds.

On December 2, 2011, as described in note 10, the Company issued a total of 9,994,979 at an average price of $0.11 in conjunction with the conversion of a portion of the convertible debentures which matured on that date and the expired unexercised special warrants valued at $139,717 were transferred to contributed surplus.

(c) Stock-based compensation:

Pursuant to its stock option plan established May 15, 2002 and amended June 2, 2006, June 14, 2007, October 22, 2010 and November 9, 2011, the Company has reserved for issuance 6,555,469 of its issued and outstanding common shares. Options to purchase common shares of the Company under the plan may be granted by the Board of Directors to employees, officers, directors of the Company and consultants engaged by the Company. All options have a maximum term of ten years from their grant date. Prior to the October 22, 2010 amendment to the plan, the maximum term was five years. The vesting schedule of options granted is set by the Company, subject to applicable stock exchange policies. To date, all options have been granted with one third vested on the issue date, one third on the first anniversary and the remaining one third on the second anniversary date of the grant.

During the year, the Company granted 1,875,000 options to purchase shares (2010 - 1,675,000). All of the options granted in 2010 and 2011 were for $0.10 per share. At December 31, 2011, 4,274,137 options (2010 - 2,446,837) remain outstanding and are exercisable at prices ranging from $0.10 to $1.00 per share. The options expire at varying dates to November 2021.

12. Share capital (continued):

(b) Stock-based compensation (continued):

The weighted average fair value of options granted in 2011 and 2010 have been calculated based on the following assumptions:

	2011	2010
Weighted average fair value of each option	$ 0.08	$ 0.07
Assumptions:		
Expected volatility	287%	228%
Risk free interest rate	1.78%	2.74%
Expected life in years	10 years	10 years
Expected dividend yield	0%	0%

The following table reflects activity under the stock option plan from December 31, 2009, through to December 31, 2011, and the weighted average exercise prices:

	Number of common shares under option	Weighted average exercise price
Outstanding, December 31, 2009	781,837	$ 0.12
Granted	1,675,000	0.10
Cancelled	(20,000)	0.55
Outstanding, December 31, 2010	2,446,837	0.104
Granted	1,875,000	0.10
Cancelled	(47,700)	0.10
Outstanding, December 31, 2011	4,274,137	$ 0.10

Information related to the share options outstanding at December 31, 2011, is presented below:

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (in years)	Weighted average exercise price
$ 0.10	4,271,137	2,368,637	8.8	$ 0.10
1.00	3,000	3,000	5.1	1.00
	4,274,137	2,371,637	8.8	$ 0.10

The fair value of the Company's stock option grants are estimated using the Black-Scholes option pricing model. The stock-based compensation expense for the year ending December 31, 2011 was $106,759 (2010 - $64,119) and is included in general and administration in the Consolidated Statement of Comprehensive Income.

13. Net earnings per share:

The computations for basic and diluted earnings per share are as follows:

	2011	2010
Net earnings	$ 1,456,377	$ 284,198
Weighted average number of common shares outstanding:		
Basic	21,819,756	8,767,349
Diluted	24,188,393	8,767,349
Net earnings per share:		
Basic	$ 0.07	$ 0.03
Diluted	0.06	0.03

14. Leases:

The Company is committed to future payments under various leases for premises expiring with terms to 2016. Minimum lease payments over this period are as follows:

2012	$ 517,797
2013	419,798
2014	424,753
2015	434,663
2016	290,814
	$ 2,087,825

15. Changes in non-cash operating working capital:

	2011	2010
Accounts receivable	$ (120,073)	$ (54,503)
Inventory	(21,843)	-
Prepaid expenses and other assets	(527,905)	18,637
Accounts payable and accrued liabilities	28,026	(387,605)
Deferred revenue	6,602	30,885
	$ (635,193)	$ (392,586)

16. Related party transactions:

Loans:

The Company has provided loan advances of $87,500 to a corporation controlled by a senior officer/director in conjunction with two of the Company's financing transactions. The advances were used to acquire 62.5 units of the convertible debenture financing described in note 10 during 2008 and 350,000 common shares in 2010. The advances are non-interest bearing, with $52,500 due on December 2, 2013 and $35,000 due on December 3, 2015 (and in certain circumstances an earlier date should the senior officer/director cease to be employed by the Company) and are secured by the common shares acquired with the loan advances.

Transactions:

During the year, the Company paid a related party of $106,309 for certain technology and other business development expenses which had been incurred on the Company's behalf. The related party is wholly owned by two directors of the Company.

Key management personnel compensation:

In addition to their salaries, key executive officers participate in short-term bonus plans based upon the financial performance of the Group and other non financial factors, set annually. The Company also provides standard benefit plan and vehicle allowances to executive officers. In addition, key executive officers are offered stock option grants from time to time at the discretion of the Group's board of directors.

Key executive officers have contracts entitling them to severance payments of up to 12 months following their departure from the Group.

Key management personnel compensation comprised:

	2011	2010
Salaries and benefits	$ 674,522	$ 397,762
Short-term bonus plans	210,448	79,772
Stock options	71,551	53,138
	$ 956,521	$ 530,762

Shareholdings:

Key executive officers of the Company control 5.4% of the Company's outstanding voting common shares as at December 31, 2011.

17. Financial instruments:

Due to their short-term to maturity, the fair values of cash, accounts receivable, inventory and accounts payable and accrued liabilities are not considered to be materially different from their carrying values. The fair value of the long-term debt is estimated to be approximately equal to its carrying value using a market interest rate as of December 31, 2011.

18. Financial risk management:

The Company is exposed to foreign exchange risk, concentration and credit risk and liquidity risk. To mitigate exposure to these risks, the Company designs and implements risk management strategies that are consistent with its business objectives and risk tolerance. However, these strategies cannot eliminate risk and no assurance can be provided that these strategies will continue to be effective.

(i) Foreign exchange risk:

The Company sells licenses and services to customers located in the United States denominated in US dollars, to customers located in Australia denominated in Australian dollars and to customers located in New Zealand denominated in New Zealand dollars. The Company's equipment rental business is conducted exclusively in US dollars. The Canadian dollar equivalent of accounts receivable billed in US dollars at December 31, 2011, is $2,442,554 (2010 - $363,784), Australian dollars at December 31, 2011, is $94,002 (2010 - $29,933) and New Zealand dollars at December 31, 2011, is $25,678 (2010 - $26,987).

The impact of a one cent change in the value of the Canadian dollar, relative to the US dollar on net US denominated assets and liabilities at December 31, 2011, impacts the Company's earnings by approximately $8,000.

(ii) Concentration and credit risk:

The Company primarily sells in its software business to customers operating in the North American rental industry. The Company's equipment rental business focused on smaller to mid-sized contractors. The Company's exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions which would impair the customer's ability to satisfy their obligations to the Company. In order to reduce this economic risk, the Company has credit procedures in place whereby analyses are performed to control the granting of credit to any high risk customer. The Company believes that there is no significant risk associated with the collection of these amounts.

As at December 31, 2011, $119,000 or 5.0% of accounts receivable were more than 90 days past due. Trade accounts receivable are recorded net of an allowance for doubtful accounts totaling $394,233 as at December 31, 2011.

18. Financial risk management (continued):

(ii) Concentration and credit risk (continued):

The following is a continuity of the Group's allowance for doubtful accounts for the past two years:

Balance, January 1, 2010	$	40,000
Additions to allowance		34,000
Write-offs to allowance		(34,000)
Balance December 31, 2010		40,000
Other additions to allowance		20,000
Write-offs to allowance		(5,000)
Balance December 31, 2011	$	55,000

During the year ended December 31, 2011, the Company incurred bad debt expense related to trade accounts receivable of $19,747 (2010 - $33,627).

The following is an ageing of the Group's accounts receivable as at December 31, 2010 and 2011 (In thousands):

		2011		2010
Current	$	1,009	$	267
30 - 59 days		847		97
60 - 89		413		52
90 and over		112		251
Less allowance for doubtful accounts		(55)		(40)
	$	2,326	$	627

The Company primarily sells to customers operating in the North American and Australian/New Zealand construction, asset management and rental industry and customers throughout Southern California in its equipment rental business. The Company's exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions which would impair the customer's ability to satisfy their obligations to the Company. In order to reduce this economic risk, the Company has credit procedures in place whereby analyses are performed to control the granting of credit to any high risk customer. The Company believes that there is no significant risk associated with the collection of these amounts.

18. Financial risk management (continued):

(iii) Liquidity risk:

Financial liquidity represents the Company's ability to fund future operating activities and investments. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that there is sufficient cash to cover the expected short-term and long-term cash requirements.

The following are the contractual maturities of the Company's financial liabilities, including estimated interest payments (in thousands of dollars):

December 31, 2011	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Non-derivative financial liabilities:							
Long-term debt	$ 13,018,019	$ 15,418,348	$ 1,013,053	$ 1,013,053	$ 2,788,371	$ 9,881,811	$ 722,059
License obligation	952,286	1,181,754	142,380	141,109	278,404	619,861	-
Accounts payable and accrued liabilities	2,282,538	2,282,538	2,282,538	-	-	-	-
	$ 16,252,843	$ 18,882,640	$ 3,437,971	$ 1,154,162	$ 3,066,775	$ 10,501,672	$ 722,059

December 31, 2010	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Non-derivative financial liabilities:							
Convertible debentures	$ 1,221,356	$ 1,194,200	$ -	$ 1,194,200	$ -	$ -	$ -
Account payable and accrued liabilities	1,120,490	1,120,490	1,120,490	-	-	-	-
	$ 2,341,846	$ 2,314,690	$ 1,120,490	$ 1,194,200	$ -	$ -	$ -

19. Capital risk management:

The Company's objective is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Company defines capital as the aggregate of shareholders' equity. Management of the Company is currently reviewing potential options to refinance the long-term debt presently outstanding. The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2011 other than the refinancing risk related to the long-term debt incurred during the year.

20. Legal action:

The Company has been named the defendant in a legal action. In 2002, a default judgment for this action was issued against the Company. The full amount of the judgment being US $219,259 plus accrued interest of US $422,550 (2010 - US $353,550), has been provided for in the financial statements.

21. Segmented information:

The Company operates in two reportable segments being, i) the development and distribution of enterprise asset and rental management software and related services to rental companies and other organizations, and, ii) equipment rental.

The Company's external revenue by geographic region is based on the region in which the revenue is transacted. Property and equipment assets are based on the geographic region in which the Company operates.

21. Segmented information (continued):

(In 000's) Revenue by Reportable Segment	Year ended December 31, 2011	 2010
Software licenses and services	$ 4,460	$ 4,447
Equipment rental	3,216	-
	$ 7,676	$ 4,447

(In 000's) Net Earnings by Reportable Segment	Year ended 2011	December 31, 2010
Software licenses and services	$ 452	$ 771
Equipment rental	3,093	-
	3,545	771
Less:		
Corporate expenses	(1,043)	(233)
Interest expense	(305)	(65)
Interest expense and accretion on convertible debentures	(521)	(189)
	$ 1,676	$ 284

(In 000's) Property and Equipment and Intangible Assets and Other Assets by Reportable Segment	Year ended December 31, 2011	 2010
Software licenses and services	$ 1,037	$ 49
Equipment rental	18,260	-
	$ 19,297	$ 49

(In 000's) Revenue by Geographic Segment	Year ended 2011	December 31, 2010
North America	$ 6,713	$ 3,654
Australia & New Zealand	963	793
	$ 7,676	$ 4,447

(In 000's) Property and Equipment, Intangible Assets and Other Assets by Geographic Segment	Year ended 2011	December 31, 2010
North America	$ 19,282	$ 48
Australia	15	11
	$ 19,297	$ 59

21. Segmented information (continued):

For the year ended December 31, 2011, one software and services segment customer accounted for $1,030,000 of revenue or 13% of total Company revenue. For the year ended December 31, 2010, two customers accounted for 29% of revenue. As at December 31, 2011, no one customer accounted for more than 10% of the accounts receivable balance. As at December 31, 2010, two customers accounted for 58% of the accounts receivable balance.

22. Explanation of transition to IFRS:

As stated in note 3 (a), these are the Group's first consolidated financial statements prepared in accordance with IFRS.

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Group's financial position and financial performance is set out in this section.

Summary of Exceptions and Exemptions:

Estimates:

Hindsight was not used to create or revise estimates and, accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

Share-based payment transactions:

The Company elected to apply IFRS 2 only to share options issued after November 7, 2002 which were not fully vested at January 1, 2010.

Business combinations:

IFRS 1 allows the Company to apply IFRS 3 (revised), *Business Combinations*, on a prospective or retrospective basis. The Company elected to apply this standard on a prospective basis for all business combinations completed subsequent to the Transition Date.

Cumulative currency translation differences:

IFRS 1 allows cumulative currency translation differences for foreign operations to be cleared through equity on transition. Gains or losses from the subsequent disposal of foreign operations would exclude translation differences arising prior to adopting IFRS. The Company elected to clear the cumulative currency translation balance to zero on the Transition Date.

22. Explanation of transition to IFRS (continued):

Reconciliation of Canadian GAAP to IFRS:

The following tables set forth, for the periods indicated, reconciliation from GAAP to IFRS, of shareholders' deficiency, net earnings and comprehensive income:

	Notes	January 1, 2010	December 31, 2010
Reconciliation of shareholders' deficiency:			
Shareholders' deficiency in accordance with Canadian GAAP		$ (1,753,417)	$ (994,227)
Convertible debentures	a	(45,788)	(27,381)
Shareholders' deficiency in accordance with IFRS		$ (1,799,205)	$ (1,021,608)

	Notes	Year ended December 31, 2010
Reconciliation of net earnings:		
Net earnings in accordance with GAAP		$ 301,243
Interest expense and accretion on convertible debentures	a	18,406
Foreign exchange translation adjustment	b	(28,282)
Stock-based compensation	c	(7,171)
Net earnings in accordance with IFRS		$ 284,196
Reconciliation of comprehensive income:		
Comprehensive income in accordance with GAAP		$ 301,243
Total IFRS adjustments to net earnings as above		(17,043)
Foreign currency translation adjustment	b	28,278
Comprehensive income in accordance with IFRS		$ 312,478

22. Explanation of transition to IFRS (continued):

Transitional adjustments:

a) *Convertible debentures:*

Under IFRS, compound instruments that have both liability and equity characteristics are split into these components upon initial recognition. The carrying amount of the compound instrument is allocated between its debt and equity components so that the liability is recognized at its fair value and the equity component at the residual, unlike Canadian GAAP where the relative fair value method was used. As a result, at the Transition Date, the debt component was increased by $45,788, the conversion option component was decreased by $38,587, the related special warrants were decreased by $19,565, and the deficit was decreased by $12,364.

This resulted in an increase in the Company's shareholders' deficiency of $45,788 as at the Transition Date and an increase in net earnings of $18,406 for the year ended December 31, 2010.

b) *Foreign exchange translation adjustment:*

The Company had previously assessed the functional currency of the Australian operations as the Canadian Dollar, whereas under IFRS, the Company has assessed it as the Australian Dollar. As a result, the Company has recognized an additional $77,574 of cumulative translation gains at the date of transition. In accordance with IFRS 1, the Company has elected to clear its cumulative currency translation balance of $99,238 through deficit on the Transition Date. Total shareholders' deficiency was not affected by either adjustment.

This resulted in a decrease in net earnings and an increase in other comprehensive income of $28,282 for the year ended December 31, 2010.

c) *Stock-based compensation:*

Under Canadian GAAP, the fair value of share-based awards with graded vesting conditions may be treated as one grant and the expense recognized on a straight line basis over the vesting period. Under IFRS, each tranche of a share-based award with graded vesting is considered a separate grant for the calculation of fair value and the related expense is recognized on a straight line basis over the vesting period of each tranche of the award. As a result, recognition of stock-based compensation expense is accelerated.

22. Explanation of transition to IFRS (continued):

Transitional adjustments (continued):

c) *Stock-based compensation (continued):*

As a result, the Company recognized additional compensation expense of $2,203 on the Transition Date which increased the deficit with a corresponding increase to contributed surplus. In addition, this resulted in a decrease in net earnings of $7,171 for the year ended December 31, 2010.

d) *Cash flow:*

Upon transition to IFRS, the Group has moved the amount of cash paid for interest into the body of the statement of cash flows, whereas they were previously disclosed as supplementary information. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

e) *Presentation of expenses:*

IFRS requires the presentation of expenses in the interim Consolidated Statement of Comprehensive Income (loss) to be made based on their nature or the function to which the expenditure relates. Previous Canadian GAAP permitted a combination of these approaches.

The Group has elected to present items in its interim consolidated statement of operations and comprehensive income (loss) based on the function to which they relate and, accordingly, has reclassified items previously presented as amortization expense and stock-based compensation for the year ended December 31, 2010 in the following operating expenses categories: a) Amortization of $33,341 to i) Support $13,336; ii) Research and Development $6,668 and iii) General and Administration $13,336. b) Stock-based Compensation $64,919 to i) Support $25,648; ii) Research and Development $12,824, and iii) General and Administration $25,648.