POSERA-HDX LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTHS ENDED MARCH 31, 2014

The following is the management discussion and analysis ("MD&A") of the condensed consolidated interim statements of financial position, results of operations and comprehensive loss and cash flows of Posera-HDX Ltd. for the three-months ended March 31, 2014 and should be read in conjunction with the financial statements for such periods and the accompanying notes thereto. The effective date of this MD&A is May 14, 2014. This MD&A should also be read in conjunction with the financial statements and MD&A for the year-ended December 31, 2013.

The management discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee comprised exclusively of independent directors. The audit committee reviews and prior to publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

The Company reports its financial results in Canadian dollars and under International Financial Reporting Standards ("IFRS"). References herein to "Posera-HDX", "HDX", "the Company", "we" and "our" mean Posera-HDX Ltd.

FORWARD LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. These forward-looking statements are based on a number of estimates and assumptions, including those which are identified in the "Critical Accounting Estimates and Judgments" section herein, and are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks and Uncertainties" herein, as well as the risks and uncertainties detailed in our Annual Information Form which was filed on March 27, 2014 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

Management reports on certain Non-IFRS measures to evaluate performance of the Company. Non-IFRS measures are also used to determine compliance with debt covenants and manage the capital structure. Because non-IFRS measures do not generally have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and qualified, and reconciled with their nearest IFRS measure. The Canadian Institute of Chartered Accountants (CICA) Canadian Performance Reporting Board has issued guidelines that define standardized earnings before interest, taxes, depreciation and amortization (EBITDA).

EBITDA, Normalized EBITDA, or Working Capital, are not calculations based on IFRS. EBITDA should not be considered an alternative to net income or comprehensive income in measuring the Company's performance, nor should it be used as an exclusive measure of cash flow. Posera-HDX reports EBITDA, Normalized EBITDA, and Working Capital because they are key measures that management uses to evaluate performance of the Company, and because the Company feels that these Non-IFRS measures provide important information about the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors are cautioned that EBITDA as reported by Posera-HDX may not be comparable in all instances to EBITDA as reported by other companies.

<u>Non-IFRS reporting definitions:</u>

EBITDA: Posera-HDX's management defines EBITDA as Net Income before interest expense, interest income, income taxes (excluding certain investment tax credits and other government assistance), amortization of capital and intangible assets, realized and unrealized exchange gain or loss, impairments and gains or losses on held for trading financial instruments, and other gains or losses on disposition of assets or extinguishment of liabilities;

Normalized EBITDA: Posera-HDX's management defines Normalized EBITDA as EBITDA above less certain one-time non-recurring expenditures, and non-cash stock-based compensation expense;

Working Capital: Posera-HDX's management defines Working Capital as its current assets less current liabilities excluding the conversion option value.

Reconciliation to Net Loss: There is a reconciliation for each of the Non-GAAP reporting measures to their nearest IFRS equivalent under the heading "Reconciliation of Non-IFRS measures to their Closest IFRS equivalent".

Debt to Equity Ratio: Posera-HDX management defines Debt to Equity Ratio as Debt (i.e. notes payable, vehicle loans and bank indebtedness) as a percentage of shareholder's equity.

Gross Payment Processing Fees: Posera-HDX management defines gross payment processing fees as the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees.

<u>Comparative Figures:</u>

Certain prior period comparative figures have been restated to conform to the consolidated financial statements presentation adopted under IFRS.

Overview

Three-months ended March 31, 2014 (Unaudited) - Highlights and Summary

(*This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended March 31, 2014, March 31, 2013 and December 31, 2013".)*

- Net loss for the three-months ended March 31, 2014 was a loss of $438,985, an increase of $161,739 from a loss of $600,724 for the three-months ended March 31, 2013, and a decrease of $799,758 from income of $360,773 for the three-months ended December 31, 2013;
- EBITDA loss for the three-months ended March 31, 2014, was $154,340, an improvement of $142,580 from an EBITDA loss of $296,920 for the three-months ended March 31, 2013, and a decrease of $1,009,111 from an EBITDA profit of $854,771 for the three-months ended December 31, 2013;
- Normalized EBITDA loss for the three-months ended March 31, 2014 was $119,850, an improvement of $156,552 from a Normalized EBITDA loss of $276,402 for the three-months ended March 31, 2013, and a decrease of $1,049,552 from a Normalized EBITDA income of $929,703 for the three-months ended December 31, 2013;
- Total revenue was $4,721,624 for the three-months ended March 31, 2014, up $628,038 (15.3%) from $4,093,586 for the three-months ended March 31, 2013 and down ($1,219,117) (20.5%) from $5,940,741 for the three-months ended December 31, 2013;
- Total point-of-sale revenue was $4,348,770 for the three-months ended March 31, 2014, up $257,485 (6.3%) from $4,091,285 for the three-months ended March 31, 2013 and down $1,438,286 (24.9%) from $5,787,056 for the three-months ended December 31, 2013;
- Total payment processing revenue was $372,854 for the three-months ended March 31, 2014, up $370,553 (16,104.0%) from $2,301 for the three-months ended March 31, 2013 and up $219,169 (142.6%) from $153,685 for the three-months ended December 31, 2013;
- Total gross payment processing fees was $2,739,876 for the three-months ended March 31, 2014, up $2,736,970 (941.8%) from $2,906 for the three-months ended March 31, 2013 and up $2,026,071 (283.8%) from $713,805 for the three-months ended December 31, 2013;
- Gross profit was $2,152,662 for the three-months ended March 31, 2014, up $636,706 (42.0%) from $1,515,956 for the three-months ended March 31, 2013, and down $532,922 (19.8%) from $2,685,584 for the three-months ended December 31, 2013;
- Operating expenses were $2,590,648 for the three-months ended March 31, 2014, up $549,628 (26.9%) from $2,041,056 for the three-months ended March 31, 2013, and up $369,919 (16.7%) from $2,220,765 for the three-months ended December 31, 2013;
- Included in cost of sales and operating expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 were certain one-time non-recurring expenditures, non-cash amortization of intangible assets and property plant and equipment, non-cash stock-based compensation expense and non-cash impairment to assets totaling $318,136, $383,505 and $260,795 respectively;
- Posera-HDX's cash and cash equivalents totaled $2,647,587 as at March 31, 2014, an increase of $1,293,136 (95.5%) from $1,354,451 as at March 31, 2013, and a decrease of $306,528 (10.4%) from $2,954,115 as at December 31, 2013. Bank indebtedness was

$207,095 as at March 31, 2014, an increase of $194,455 (1,538.40%) compared to $12,640 as at March 31, 2013, and a decrease of $6 (0.0%) compared to $207,101 as at December 31, 2013; and

- Posera-HDX's working capital totaled $1,444,731 as at March 31, 2014, an increase of $1,111,733 (333.9%) from $332,998 as at March 31, 2013, and an increase of $849,238 (142.6%) from $595,493 as at December 31, 2013.

Posera-HDX's Business

The Company is in the business of managing merchant transactions with consumers and facilitating payment emphasizing transaction speed, simplicity, and accuracy. Posera-HDX develops and deploys touch-screen point of sale ("POS") system software and associated enterprise management tools and has developed and deployed numerous POS applications. Posera-HDX also provides system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware support services. Through the acquisition of Posera, the Company immediately acquired access to Posera's worldwide dealership network of approximately 93 resellers in 25 countries with approximately 550 representatives selling, supporting and installing its software. Posera's main software product, known as Maître 'D, has been deployed in over 20,000 locations worldwide in eight different languages.

Posera-HDX's has licensed a prepaid payment solutions allow customers to pay for items quickly and conveniently with either: RFID (radio frequency identification) tags, magnetic stripe cards, or UPC bar-coded cards. The solution can be private branded for a specific merchant. A private branded web interface further extends the offering to allow for convenient reload and other account management options. Posera-HDX payment solutions are especially well suited for corporate and institutional cafeteria environments where hundreds of customers purchase and pay for meals in compressed periods throughout the business day.

Through the acquisition of Zomaron Inc. ("Zomaron") the Company acquired a registered reseller of Debit and Credit Card merchant services. Zomaron, an Ontario based sales organization, rounds out the Company's suite of services to include Debit and Credit Card merchant services. With each pin-pad sold, a percentage of each transaction, for the term of the agreement, is earned by Zomaron Inc. This share of Debit and Credit Card processing revenues, the Company expects, will become a significant recurring revenue stream in the future.

ATM products and services are a logical extension of the Company's core offerings. During the three-months ended December 31, 2013 the Company entered into an agreement to be an Independent Sales Organization ("ISO") with TNS Smart Network Inc. to provide ATM transactional services. Acting as an ISO, HDX is now positioned very well to efficiently grow an ATM business throughout Canada via its existing team of direct sales professionals, newly acquired Zomaron sales agents and its network of sub-ISO's and reseller distribution channels.

The Company's Common Shares are listed on the Toronto Stock Exchange under the symbol "HDX".

Revenues and Expenses

Posera-HDX's revenue model contemplates revenues primarily from the following sources:

- **Transaction fees from merchants.** Merchants pay fees for the processing and reporting of stored value payment transactions. The transaction fees are paid directly to HDX.

- **Income from the sale of HDX POS equipment.** Merchant licensees may purchase POS equipment from HDX for installation at merchant.
- **Revenue from data and application hosting fees.** Merchants or other application service providers may contract with HDX for data and application hosting services.
- **Services revenue from the delivery of consulting and system integration services.** Merchant licensees and merchants may hire HDX to install and manage POS equipment, terminals and readers at merchant locations and provide other services as required.
- **Revenue from software license agreements.** POS Software licensees and resellers may contract with Posera-HDX for the use of proprietary POS software.
- **Payments fees from merchants.** Merchants pay fees for the processing of debit and credit card payments transactions. The transaction fees are paid to a third party processor which remits residual income to the Company.

The Company has disclosed Gross Payment Processing Fees related to its Payment Processing Revenues. Gross Payment Processing Fees represent the total amount of Payment Processing Fees underlying the processing of debit and credit card payments transactions. The transaction fees are paid by merchants to a third party processor, who then remits a residual to the Company based upon certain metrics. The Company does not have a direct relationship with the merchant to process the transactions, and is not the primary obligator of the payment processing transaction. As a result, the Company records the residual received as revenue. Although the Company records the residual received as revenue, the Company has disclosed the Gross Payment Processing Fees underlying the transactions, as it may be relevant information to benchmark the Company against others in the payment processing industry who may have dissimilar contractual arrangements between the merchants and payment processors.

Posera-HDX's cost of sales consists primarily of the cost of POS system hardware, third party software and miscellaneous hardware and software which are purchased by Posera-HDX for resale, Technology costs and Operations and Support costs directly incurred to earn revenue, including amortization. Technology costs consist primarily of personnel and related costs associated with Posera-HDX technology development and maintenance, as well as external suppliers. Operations and support costs consist primarily of personnel and related costs associated with the ongoing operations and support of the Posera-HDX business, fixed hosting costs, merchant implementation costs and certain consumer and merchant support costs.

Posera-HDX operating costs are broken down into the following two categories: sales and marketing; and general and administrative. Sales and marketing costs consist primarily of personnel and related costs associated with the ongoing sales and marketing functions, as well as brand development fees, media placement fees, trade show fees, advertising and other promotional expenses. General and administrative fees consist primarily of personnel and related costs associated with Posera-HDX's senior management, administrative, legal and finance functions, as well as professional fees and other general corporate expenses.

Stock-based compensation expense relates to charges for stock options granted to directors and employees.

Interest income on Posera-HDX corporate funds consists primarily of interest income related to its invested cash and short-term investments. Posera-HDX's policy is to invest its excess cash in short-term investment-grade interest bearing securities. Interest income fluctuates based upon the amount of funds available for investment and prevailing interest rates. In addition, the Company also earns interest income from investing the consumers' prepaid funds.

Interest expense relates to interest costs of vehicle loans and notes payable. The notes payable were either issued as a result of or acquired in the business combinations that Posera-HDX has completed or as a result of a term promissory note. On the date of acquisition or issuance of the notes payable, Posera-HDX fair-valued the notes payable acquired or issued, and as a result part of the interest expense included accretion of the fair-value increment of the notes payable acquired or issued.

Growth Strategy and Future Outlook

Posera-HDX offers "turnkey" solutions including custom software development, integration of our software with appropriate industry specific hardware solutions, deployment and training of our integrated solutions, and providing the ongoing software support and hardware support of deployed solutions. Management's strategy is focused on growing the business organically by:

- Continuing to identify vertical market segments and specific customer groupings that are ideal customers for HDX's technology, assigning direct sales force personnel to communicate with prospective clients and client groupings.
- Marketing HDX products to merchant sites associated with restaurant chains that have pre-approved the deployment of HDX technology.
- Identifying jurisdictional technology and reporting requirements, developing tools to meet those requirements and marketing to businesses within said jurisdiction.
- Increasing incremental recurring revenue by developing new technology and enhancing existing technology features in order to increase existing HDX clients' return on investment resulting in existing HDX clients' purchasing additional HDX products, and expanding the HDX reseller network and marketing additional related products and technology through this reseller network.
- The HDX Payment Processing platform is being outsourced and this will give the Company the ability to provide payment processing alternatives to our customers.

On December 9^{th,} 2013 the Company completed the acquisition of Zomaron Inc. ("Zomaron"). The acquisition of Zomaron, a rapidly growing company with a successful and accomplished management team and over 169 sales agents, will be instrumental in the Company's growth strategy and lays the groundwork for significant sales growth in 2014 and beyond.

Founded in 2008, Zomaron provides credit and debit card processing solutions to Canadian merchants nationwide. Based in London, Ontario, Zomaron has offices in Edmonton AB, Toronto ON, and Montreal QC. Through its nation-wide network of sales representatives and strategic partnerships, Zomaron has experienced rapid growth, doubling its sales annually. Zomaron's exponential growth led it to be ranked on PROFIT magazine's 13th and 14th annual PROFIT HOT 50 issues in October 2012 and 2013 respectively. Zomaron's solutions and services can also be marketed and deployed in the United States.

Posera-HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS or Payment Processing services companies that can be acquired at attractive multiples, and whose products or customer base complements or extends that of the Company currently.

Acquisitions and Divestitures During the Three-Months Ended March 31, 2014 and March 31, 2013 in addition to the Year-Ended December 31, 2013

On December 9, 2013 Posera-HDX Ltd. completed the acquisition of all the issued and outstanding shares of Zomaron Inc. ("Zomaron") The purchase price was an aggregate of $2,640,000, comprised of $1,800,000 in cash and 4,000,000 Common Shares of Posera-HDX Ltd., having a hold-period that the shares are not freely tradable until December 9, 2015, with an estimated fair-value of $840,000. The acquisition provides the Company with a complete line of payment processing offerings which are complementary to the Company's existing suite of hospitality industry software solutions and services.

The result of Zomaron's operations have been included in the consolidated financial statements since December 9, 2013. During the three-months ended March 31, 2014, Zomaron generated revenue of $686,947 (2013 - $nil), and a net loss of $19,494 (2013 - $nil).

The acquisition of Zomaron is accounted for using the acquisition method whereby HDX is identified as the acquirer. The following table summarizes the fair value of the assets acquired and liabilities assumed and consideration paid at the date of the acquisition. Goodwill represents the excess earning capacity as a result of synergistic revenue opportunities, future growth, pre-assembled workforce and cost reductions. The consideration has yet to be finalized at the time of filing these financial statements as the final adjustments for closing have yet to be negotiated and agreed upon by the parties in relation to the working capital requirement as part of the share purchase agreement. The presentation of the Zomaron business acquisition is provisional as the Company expects a potential future adjustment to consideration, goodwill and working capital.

The identifiable net assets of Zomaron that were acquired at fair value as at December 9, 2013 are as follows:

Net Assets:		
Cash	$	105,763
Current assets excluding cash		277,318
Property, plant and equipment		187,982
Intangible assets		405,000
Current liabilities		(258,045)
Long-term portion of capital lease obligation		(139,150)
Deferred Income Tax Liability		(100,681)
Goodwill acquired in business combination		2,161,813
Net assets acquired	**$**	**2,640,000**

Consideration:		
Cash consideration	$	1,800,000
Share consideration		840,000
Total consideration	**$**	**2,640,000**

Critical Accounting Estimates and Judgments

This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements for the years-ended December 31, 2013 and 2012, including the notes thereto, in particular Note 2. Posera-HDX's consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, while the condensed consolidated interim financial statements are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, collectively referred to as ("**IFRS**"). The Consolidated Financial Statements for the years-ended December 31, 2013 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

The Company has considered in determining its critical accounting estimates, trends, commitments, events or uncertainties that it reasonably expects to materially affect the methodology or assumptions, subject to the items identified in the Caution regarding forward-looking statements section of this MD&A.

Critical accounting judgments

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

<u>Cash-generating units ("CGU"s)</u>

In testing for impairment of certain assets that do not have independent cash inflows, the Company is required to group non-goodwill long-lived assets into CGUs which is the lowest level of assets that produce cash inflows which are independent of other assets. Goodwill is allocated to each CGU, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes and is not larger than an operating segment.

<u>Functional currency of consolidated entities.</u>

Under IFRS, each consolidated entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of consolidated entities, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

Revenue Recognition - Gross Payment Processing Fees

The Company has disclosed Gross Payment Processing Fees related to its Payment Processing Revenues. Gross Payment Processing Fees represent the total amount of Payment Processing Fees underlying the processing of debit and credit card payments transactions. The transaction fees are paid by merchants to a third party processor, who then remits a residual to the Company based upon certain metrics. The Company does not have a direct relationship with the merchant to process the transactions, and is not the primary obligator of the payment processing transaction. As a result, the Company records the residual received as revenue. Although the Company records the residual received as revenue, the Company has disclosed the Gross Payment Processing Fees underlying the transactions, as it may be relevant information to benchmark the Company against others in the payment processing industry who may have dissimilar contractual arrangements between the merchants and payment processors.

Convertible debentures

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the contractual arrangement's substance, and applicable IFRS standards. If the IFRS equity classification criteria are met, the Company allocates the total face value of the convertible debenture by estimating the fair-value of the note payable component in isolation, and allocating the residual to the conversion option presented as equity. If the IFRS equity classification criteria are not met, the Company allocates the total face value of the convertible debenture by determining the fair value of the conversion option component presented as a derivate liability in isolation, with the residual being allocated to the note payable.

Critical accounting estimates

The following are some of the estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Refer to Note 2 of the Annual Consolidated Financial Statement and MD&A for the years-ended December 31, 2013 and 2012 for a complete listing of the Company's critical accounting estimates.

a. *Intangible asset – March 31, 2014 - $3,639,889 (March 31, 2013 - $4,417,716, December 31, 2013 - $3,825,790) and Goodwill – March 31, 2014 - $6,712,969 (March 31, 2013 - $4,386,385, December 31, 2013 - $6,600,883)*
    - Critical estimates relate to the valuation of intangible assets and goodwill acquired in business combinations and the potential impairment of intangible assets and goodwill as part of the CGU impairment testing.
    - See the detailed disclosure surrounding the estimates used in the December 31, 2013 annual consolidated financial statements and MD&A.
b. *Royalty payable – March 31, 2014 - $nil (March 31, 2013 - $124,675, December 31, 2013- $nil)*
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2013 annual consolidated financial statements and MD&A.
c. *Investment Tax Credits Receivable – non-refundable – March 31,2014 - $1,184,022 (March 31, 2013 - $1,163,394, December 31, 2013 - $1,217,686)*
    - Management estimates that the non-refundable Investment Tax Credits receivable will be recoverable before expiry. See detailed disclosure surrounding the expiry dates for non-refundable Investment Tax Credits Receivable in Note 4 to the accompanying quarterly consolidated financial statements.
    - See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2013 annual consolidated financial statements and MD&A.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013.

Analysis of the Unaudited Quarterly Results	Q1-2014 (unaudited) $	Q1-2013 (unaudited) $	Q4-2013 (unaudited) $		Q1-2014 vs. Q1-2013 $	%	Q1-2014 vs. Q4-2013 $	%
Revenue								
Point-of-sale	4,348,770	4,091,285	5,787,056		257,485	6.3%	(1,438,286)	(24.9%)
Payment processing	372,854	2,301	153,685		370,553	16,104.0%	219,169	142.6%
Total Revenue	**4,721,624**	**4,093,586**	**5,940,741**		**628,038**	**15.3%**	**(1,219,117)**	**(20.5%)**
Cost of Sales								
Cost of inventory	926,392	927,595	1,773,444		(1,203)	(0.1%)	(847,052)	(47.8%)
Technology	310,395	478,918	240,091		(168,523)	(35.2%)	70,304	29.3%
Operations and Support	1,332,175	1,171,117	1,241,622		161,058	13.6%	90,553	7.3%
Total Cost of Sales	**2,568,962**	**2,577,630**	**3,255,157**		**(8,668)**	**(0.3%)**	**(686,195)**	**(21.1%)**
Gross Profit	2,152,662	1,515,956	2,685,584		636,706	42.0%	(532,922)	(19.8%)
Gross Profit Percentage	45.6%	37.0%	45.2%			8.6%		0.4%
Operating Expenditures								
Sales and marketing	1,277,866	889,299	857,442		388,567	43.7%	420,424	49.0%
General and administrative	1,312,782	1,151,757	1,432,107		161,025	14.0%	(119,325)	(8.3%)
Impairment of assets	-	-	(68,784)		-	0.0%	68,784	(100.0%)
Total Operating Expenditures	**2,590,648**	**2,041,056**	**2,220,765**		**549,628**	**26.9%**	**369,919**	**16.7%**
	(437,986)	**(525,100)**	**464,819**		**87,114**	**(16.6%)**	**(902,805)**	**(194.2%)**
Other expenses (income)								
Interest expense	106,185	46,693	67,739		59,492	127.4%	38,446	56.8%
Realized and unrealized loss on foreign exchange	(189,266)	(36,212)	(124,982)		(153,054)	422.7%	(64,284)	51.4%
Interest and other income	(4,086)	(2,260)	(2,919)		(1,826)	80.8%	(1,167)	40.0%
	(87,167)	**8,221**	**(60,162)**		**(95,388)**	**(1160.3%)**	**(27,005)**	**44.9%**
Net loss before income taxes	**(350,819)**	**(533,321)**	**524,981**		**182,502**	**(34.2%)**	**(875,800)**	**(166.8%)**
Current	151,824	215,785	298,112		(63,961)	(29.6%)	(146,288)	(49.1%)
Future	(63,658)	(148,382)	(133,904)		84,724	(57.1%)	70,246	(52.5%)
Net income (loss) attributable to owners of the parent	**(438,985)**	**(600,724)**	**360,773**		**161,739**	**(26.9%)**	**(799,758)**	**(221.7%)**
Other comprehensive income	(11,639)	(409)	2,767		(11,230)	2,745.7%	(14,406)	(520.6%)
Comprehensive income (loss), attributable to owners of the parent	**(450,624)**	**(601,133)**	**363,540**		**150,509**	**(25.0%)**	**(814,164)**	**(224.0%)**
Non-IFRS reporting measures **(as outlined on Pages 17 – 19 of this MD&A):**	(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA	**(154,340)**	**(296,920)**	**854,771**		**142,580**	**(48.0%)**	**(1,009,111)**	**(118.1%)**
Normalized EBITDA	**(119,850)**	**(276,402)**	**929,702**		**156,552**	**(56.6%)**	**(1,049,552)**	**(112.9%)**

The presentation of the below of Selected Financial Data is for the purposes of this management discussion and analysis. The 2014 and 2013 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	**March 31, 2014**	**March 31, 2013**	**December 31, 2013**
Total revenue	$ 4,721,624	$ 4,093,586	$ 5,940,741
Point-of-sale revenue	4,348,770	4,091,285	5,787,056
Payment processing revenue	372,854	2,301	153,685
Net income (loss), attributable to the owners of the parent	(438,985)	(600,724)	360,773
Income (loss) per share – basic and diluted	(0.01)	(0.01)	0.01
Weighted average number of shares outstanding (000's) - basic	59,343	48,434	50,671
Weighted average number of shares outstanding (000's) – diluted	59,343	48,434	50,874
Cash and cash equivalents	2,647,587	1,354,451	2,954,115
Bank indebtedness	207,095	12,640	207,101
Working capital (as outlined on Page 19 of this MD&A)	1,444,731	332,998	595,493
Total assets	19,628,467	15,701,727	20,433,953
Long-term liabilities	2,389,972	1,595,953	1,302,795
Total shareholders' equity	10,991,731	8,898,084	11,348,788

Comparison of the unaudited quarters ended March 31, 2014 and 2013 and December 31, 2013

On December 9, 2013 the Company began reporting revenue relating to the acquired businesses of Zomaron Inc. As a result, the three-months ended March 31, 2014 results includes a full quarter of revenues and expenses for this acquisition, whereas the three-months ended December 31, 2013 results only include twenty-two days of revenues and expenses for this acquisition. Finally, the three-months ended March 31, 2013 does not include any revenue or expenses for this acquisitions.

Revenue:

Revenue Comparisons March 31, 2014, March 31, 2013 and December 31, 2013

Posera-HDX recognized revenue of $4,721,624 for the three-months ended March 31, 2014 compared to $4,093,586 for the three-months ended March 31, 2013, an increase of $628,038 (15.3%) and $5,940,741 for the three-months ended December 31, 2013, a decrease of $1,219,117 (20.5%).

Point-of-sale revenue for the three-months ended March 31, 2014 was $4,348,770, an increase of $257,485 (6.3%) and a decrease of $1,438,286 (24.9%) compared to the point-of-sale revenue for the three-months ended March 31, 2013 and December 31, 2013 of $4,091,285 and $5,787,056 respectively. The decrease in revenue during the three-months ended March 31, 2014 compared to December 31, 2013 is primarily a seasonal fluctuation, where the seasonal results of the first quarter tends to be the weakest quarter of the year and the fourth quarter tend to be the most robust. The increase in revenue during the three-months ended March 31, 2014 is a result of the Company completing additional system installations and due to the additional revenue generated by the Zomaron acquisition, when compared to the three-months ended March 31, 2013. The total revenue is comprised of two separate components, point-of-sale revenue and payment processing revenue.

Payment processing revenue for the three-months ended March 31, 2014 was $372,854 compared to $2,301 and $153,685 for the three-months ended March 31, 2013 and December 31, 2013 respectively. This represents an increase of $370,553 (16,104.0%) and $219,169 (142.6%). The payment processing revenue for the three-months ended March 31, 2014 of $372,854 resulted from $2,739,876 of gross payment processing fees compared to gross payment process fees of $2,906 and $713,805 for the three-months ended March 31, 2013 and December 31, 2013 respectively. For Zomaron, gross payment processing fess represents the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees. The Company believes that gross payment processing fees is a relevant metric to disclose, in order to allow users of the financial statements to be able to benchmark Zomaron's payment processing portfolio against similar payments and processing companies which may have different processing relationship.

Additionally, Zomaron's merchant base in the during the three-months ended March 31, 2014 processed debit and credit card transactions totalling $172,962,789 ($691,851,156 on an annualized basis) compared to $41,816,054 ($707,071,464 on an annualized basis) for the twenty-two days post the December 9th, 2013 acquisition to the Company's December 31, 2013 year-end. As a result of the Company's client base, the first quarter typically is the slowest processing period for debit and credit card transactions, as compared to the fourth quarter, which is typically the strongest period for payment processing. As at March 31, 2014 Zomaron has 2,426 active merchants which compares to 1,420 (an increase of 70.8%) and 2,209 (an increase of 9.82%) active merchants as at March 31, 2013 and December 31, 2013 respectively. The March 31, 2013 figure was prior to the date of acquisition of Zomaron by the Company. The processed debit and credit card transactions are somewhat seasonal based on the sales of Zomaron's merchants where the three-months ended March 31st tends to be the slowest and the three-months ended December 31st tends to be the most robust.

Cost of Sales:

Cost of Sales Comparisons March 31, 2014, March 31, 2013 and December 31, 2013

Posera-HDX recognized cost of inventory of $926,392 (19.6% of revenues) for the three-months ended March 31, 2014, compared to $927,595 (22.7% of revenues) for the three-months ended March 31, 2013 and $1,773,444 (29.8% of revenues) for the three-months ended December 31, 2013. The changes in the cost of inventory as a percentage of revenue is a result of a change in product mix between the respective periods. For example the Company earned a higher proportion of revenue related to service contracts in the three-months ended March 31, 2014 and March 31, 2013 than in the three-months ended December 31, 2013, which resulted in a lower percentage of cost of inventory as a proportion of revenues.

Technology expenses in the three-months ended March 31, 2014 were $310,395, a decrease of $168,523 (35.2%) from $478,918 in the three-months ended March 31, 2013 and an increase of $70,304 (29.3%) from $240,091 in the three-months ended December 31, 2013.

Included in the technology expense for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 is amortization of technology intangible assets, totaling $94,669, $134,927 and $90,403 respectively. Excluding these one-time expenditures and intangible asset amortization, Posera-HDX`s technology expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 would have been $215,726, $343,991, and $149,688 respectively.

The technology expense remained relatively consistent during the three-months ended March 31, 2014 compared to the three-months ended December 31, 2013, as a result of no significant changes in headcount or other key technology expense factors. Technology expenses in the three-months ended March 31, 2014 decreased compared to the three-months ended March 31, 2013 as a result the decision during the third quarter of fiscal 2013 to reduce un-necessary monthly expenditures as it related to the

HDX Payment Processing Ltd. ("HDXPP") division. As a result, during the three-months ended March 31, 2013 the Company was still incurring technology related expenditures for the HDXPP division, where during the three-months ended March 31, 2014 the HDXPP expenditures were minimal.

Technology Expense Reconciliation	**For the quarters ended**		
	March 31, 2014	**March 31, 2013**	**December 31, 2013**
Technology expense	**$ 310,395**	**$ 478,918**	**$ 240,091**
Less: Amortization of intangible assets	94,669	134,927	90,403
Less or (Add): One-time expenditures	-	-	(72,232)
Adjusted technology expense	**$ 215,726**	**$ 343,991**	**$ 221,920**

Operations and support expenses were $1,332,175 in the three-months ended March 31, 2014; an increase of $161,058 (13.6%) from $1,171,117 in the three-months ended March 31, 2013, and an increase of $90,553 (7.3%) from $1,241,622 in the three-months ended December 31, 2013. The operations and support expenses remained relatively consistent as the employee headcount and other operations and support expenditures remained relatively consistent between all of the comparable quarters after normalizing for the Zomaron transaction that was completed in December, 2013.

Operations and Support Expense Reconciliation	**For the quarters ended**		
	March 31, 2014	**March 31, 2013**	**December 31, 2013**
Operations and Support Expense	**$ 1,332,175**	**$ 1,171,117**	**$ 1,241,622**
Less: One-time expenditures	-	-	33,676
Adjusted Operating and Support Expense	**$ 1,332,175**	**$ 1,171,117**	**$ 1,207,946**

Operating Expenditures:

Posera-HDX recognized operating expenditures of $2,590,648 for the three-months ended March 31, 2014 compared to $2,041,056 for the three-months ended March 31, 2013, and $2,220,765 for the three-months ended December 31, 2013.

Included in operating expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 are one-time expenditures relating to the Zomaron acquisition during 2013, legal expenses, US tax penalties and interest, accounting costs and severance, totaling $31,912, $8,319 and $109,310 respectively. Excluding these one-time expenditures, Posera-HDX`s operating expenditures for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013, would have been $2.558,772, $2,032,737, and $2,111,455 respectively.

Sales and marketing expenses were $1,277,866 in the three-months ended March 31, 2014 an increase of $388,567 (43.7%) from $889,299 in the three-months ended March 31, 2013, and an increase of $420,424 (49.0%) from $857,442 in the three-months ended December 31, 2013. The sales and marketing expense as adjusted below for the amortization of intangible assets has increased as a result of an increase in headcount from the Zomaron acquisition which incurred a full quarter of expenditures during the three-months ended March 31, 2014 when compared to the non Zomaron sales and marketing expenses for the three-months ended March 31, 2013 and twenty-two days for the three-months ended December 31, 2013.

Sales and Marketing Expense Reconciliation			
	March 31, 2014	**March 31, 2013**	**December 31, 2013**
Sales and marketing expense	**$ 1,277,866**	**$ 889,299**	**$ 857,442**
Less: Amortization of intangible assets	144,953	190,797	134,764
Adjusted sales and marketing expense	**$ 1,132,913**	**$ 698,502**	**$ 722,678**

Included in general and administrative expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 was non-cash stock-based compensation expense of $2,578, $12,199 and $4,177 respectively. Excluding these non-cash stock compensation expenses, and the one-time expenditures above, Posera-HDX's operating expenditures for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013, would have been $2,556,194, $2,020,538 and $2,107,278 respectively.

General and administrative expenses were $1,312,782 in the three-months ended March 31, 2014; an increase of $162,025 (14.0%) from $1,151,757 in the three-months ended March 31, 2013, and a decrease of $119,325 (8.3%) from $1,432,107 in the three-months ended December 31, 2013. Included in general and administrative expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 is stock-based compensation expense of $2,578, $12,199 and $4,177 respectively. Additionally, included in general and administrative expenses for the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013 are one-time expenditures of $31,912, $8,319 and $109,310 respectively. Finally, included in general and administrative expenses for the three-months ended March 31, 2014 is $43,526 of amortization of intangible assets and property, plant and equipment compared to $37,263 and $29,480 for the three-months ended March 31, 2013 and December 31, 2013 respectively.

After factoring the previously discussed amounts, and normalizing for the additional expenditures incurred by Zomaron in relation to general and administrative expenditures, the adjusted general and administrative expenditures the three-months ended March 31, 2014 and 2013 and December 31, 2013 were relatively consistent. See the table below for a summary:

General and Administrative Expense Reconciliation			
	March 31, 2014	**March 31, 2013**	**December 31, 2013**
General and administrative expense	**$ 1,312,782**	**$ 1,151,757**	**$ 1,432,107**
Less: Stock-based compensation expense	2,578	12,199	4,177
Less: Amortization of intangible assets and PP&E	43,526	37,263	29,480
Less: One-time expenditures	31,912	8,319	109,310
Adjusted general and administrative expense	**$ 1,234,766**	**$ 1,093,976**	**$ 1,289,140**

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debentures issued as part of the Posera 2010 acquisition and a financing completed in January, 2014. Interest expense for the three-months ended March 31, 2014 of $106,185 increased $59,492 and $38,446 from $46,693 and $67,739 for the three-months ended March 31, 2013 and December 31, 2013 respectively as a result of the new convertible debenture that was undertaken by the Company in January, 2014.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the (gain) loss on the foreign denominated convertible debenture and net assets denominated in foreign currencies. As a result of the decrease in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has increased, resulting in a loss during the three-months ended March 31, 2014. Additionally, the net assets denominated in foreign currencies incurred a gain during the three-months ended March 31, 2014 as a result of an increase of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized (gain) loss on foreign exchange has impacted the three comparable reporting periods, March 31, 2014, March 31, 2013 and December, 2013. The impact to income is predicated on the foreign exchange movements in net assets denominated in a currency other than the functional currency and the revelation of the convertible debenture from USD to CAD.

Interest and other income is comprised primarily of interest earned from the investing of HDX's corporate funds. The interest earned remained relatively consistent between the three-months ended March 31, 2014, March 31, 2013 and December 31, 2013, as the interest rates earned, and balances deposited remained relatively consistent.

Convertible Debenture Entered into during the three-months ended March 31, 2014

On January 15, 2014, the Company issued a total of $1.5 million (principal amount) of unsecured convertible subordinated debentures, and repaid the term promissory note maturing January 24, 2014. The unsecured convertible subordinated debentures will mature with the principal amount repayable on January 15, 2017 and will pay interest at a nominal rate of 10.25% per annum, payable monthly. Each Convertible Debenture will be convertible into Posera - HDX Common Shares at $0.45 per Posera - HDX Common Share until January 15, 2016 and at $0.60 per Posera - HDX Common Share thereafter until maturity. The offering price of each Convertible Debenture was $900 per $1,000 principal amount resulting in gross proceeds to Posera - HDX of $1.35 million. Posera - HDX paid a finder's fee equal to 5.0% of the gross proceeds, being $67,500, of the Offering, and incurred issuance costs of $38,413, both of which will be amortized over the life of the debentures. As a result of the conversion option, issuance discount, commission and issuance costs, the unsecured convertible subordinated debentures have a resulting effective interest rate of 22.77%.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	March 31, 2014	March 31, 2013	December 31, 2013
Point-of-sale	$ 4,032,577	$ 4,091,285	$ 5,787,056
Payment processing	689,047	2,301	153,685
Total revenue	**$ 4,721,624**	**$ 4,093,586**	**$ 5,940,741**
	Operating profit for the three-months ended (1)		
	March 31, 2014	March 31, 2013	December 31, 2013
Point-of-sale	$ 119,785	$ 200,506	$ 997,653
Payment processing	(51,217)	(134,272)	15,337
Total profit	**$ 68,568**	**$ 66,234**	**$ 1,012,990**

(1) Operating profit is earnings before corporate headquarters operating expenditures, interest earnings and expense, taxes, amortization, foreign exchanges losses and gains and realized currency translation gains and losses.

<u>Revenue</u>

For the three-months ended March 31, 2014, point-of-sale revenue decreased $58,708 (1.4%) and decreased $1,754,479 (30.3%) when compared to the three-months ended March 31, 2013 and December 31, 2013 respectively. Point-of-sale revenues decreased compared to the three-months ended March 31, 2013, but essentially the business was relatively consistent year-over-year. Point-of-sale revenues decreased compared to the three-months ended December 31, 2013, as a result of the seasonality of the point-of-sale industry where the three-months ended December 31st tends to be the strongest sales period and the three-months ended March 31st tends to be the slowest.

For the three-months ended March 31, 2014, payment processing revenue increased $686,746 (29,845.6%) and increased $535,362 (348.4%) when compared to the three-months ended March 31, 2014 and December 31, 2013 respectively. Payment processing revenues for the three-months ended March 31, 2014 increased compared to the three-months ended March 31, 2013 and December 31, 2013, as a result of the Zomaron acquisition that was completed by the Company on December 9th, 2013. There were no Zomaron payment processing revenues recorded in the three-months ended March 31, 2013 and only twenty-two days of revenue was recorded during the three-months ended December 31, 2013 respectively.

<u>Operating Profit</u>

For the three-months ended March 31, 2014, point-of-sale operating profit decreased $80,721 (40.3%) and decreased $877,868 (88.0%) when compared to the three-months ended March 31, 2013 and December 31, 2013 respectively. For the three-months ended March 31, 2014, payment processing operating profit increased $83,055 (61.9%) and decreased $66,554 (433.9%) compared to the three months ended March 31, 2013 and December 31, 2013 respectively.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended March 31, 2014 as prepared in accordance with IFRS and certain Non-IFRS measurements. The information has been derived from our unaudited quarterly financial statements that, in management's opinion, have been prepared on a basis consistent with the audited financial statements for the years ended December 31, 2013 and 2012 and include all adjustments necessary for a fair presentation of information presented. The Earnings (Loss) Per Share – Basic and Diluted per quarter may not aggregate to the Earnings (Loss) Per Share – Basic and Diluted in the annual financial statements due to rounding.

	2014	2013		
	Q1	Q4	Q3	Q2
Total revenues	$ 4,721,624	$ 5,940,741,	$ 5,171,555	$ 4,305,530
Point-of-sale revenue	$ 4,348,770	$ 5,787,056	$ 5,169,459	$ 4,302,974
Payment processing revenue	$ 372,854	$ 153,685	$ 2,096	$ 2,556
Gross payment processing fees	$ 2,739,876	$ 713,805	$ 2,673	$ 3,127
EBITDA	$ (154,340)	$ 854,771	$ 556,855	$ (171,110)
Normalized EBITDA	$ (119,850)	$ 929,702	$ 282,696	$ (117,695)
Net Income (Loss)	$ (438,985)	$ 360,773	$ (401,498)	$ (350,989)
Comprehensive Income (Loss)	$ (450,624)	$ 363,540	$ (328,337)	$ (390,315)
Earnings (Loss) Per Share Basic	$ (0.01)	$ 0.01	$ (0.01)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ 0.01	$ (0.01)	$ (0.01)

	2013	2012		
	Q1	Q4	Q3	Q2
Total revenues	$ 4,093,586	$ 4,537,528	$ 4,032,574	$ 4,245,960
Point-of-sale revenue	$ 4,091,285	$ 4,532,592	$ 4,026,266	$ 4,245,960
Payment processing revenue	$ 2,301	$ 4,936	$ 6,308	$ -
Gross payment processing fees	$ 2,906	$ 5,592	$ 6,538	$ -
EBITDA	$ (296,920)	$ (434,098)	$ (227,409)	$ (134,243)
Normalized EBITDA	$ (276,402)	$ (172,373)	$ (32,206)	$ 757
Net Loss	$ (600,724)	$ (2,896,889)	$ (679,992)	$ (441,026)
Comprehensive Loss	$ (601,133)	$ (2,861,159)	$ (725,295)	$ (429,310)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.06)	$ (0.01)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.06)	$ (0.01)	$ (0.01)

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA	**2014**	**2013**		
	Q1	Q4	Q3	Q2
Net Loss	**$ (438,985)**	**$ 360,773**	**$ (401,498)**	**$ (350,989)**
Interest expense	106,185	67,739	59,923	54,159
Exchange loss (gain)	(189,266)	(124,982)	118,634	(156,026)
Interest and other income	(4,086)	(2,919)	(2,371)	(2,712)
Gain on held for trading financial instruments	-	-	98,786	-
Amortization of equipment	22,722	17,581	24,058	32,537
Amortization of intangible assets	260,924	237,067	453,042	286,562
Tax provision (recovery)	88,166	368,296	(124,778)	(34,641)
Impairment of assets	-	(68,784)	331,059	-
EBITDA	**$ (154,340)**	**$ 854,771**	**$ 556,855**	**$ (171,110)**
One-time non-recurring expenditures and (recoveries)	31,912	70,754	(278,337)	45,800
Stock-based compensation expense	2,578	4,177	4,178	7,615
Normalized EBITDA	**$ (119,850)**	**$ 929,702**	**$ 282,696**	**$ (117,695)**

Net Loss to EBITDA and Normalized EBITDA	**2013**	**2012**		
	Q1	Q4	Q3	Q2
Net Loss	**$ (600,724)**	**$ (2,896,889)**	**$ (679,992)**	**$ (441,026)**
Interest expense	46,693	93,247	65,895	69,260
Exchange loss (gain)	(36,212)	(21,239)	102,421	(104,417)
Interest and other income	(2,260)	(3,833)	(2,582)	(5,913)
Gain on held for trading financial instruments	-	(399,491)	-	(1,027)
Amortization of equipment	36,921	38,690	7,691	49,049
Amortization of intangible assets	326,065	317,306	357,779	320,795
Tax provision (recovery)	(67,403)	18,247	(78,621)	(20,964)
Impairment of assets	-	2,419,864	-	-
EBITDA	**$ (296,920)**	**$ (434,098)**	**$ (227,409)**	**$ (134,243)**
One-time non-recurring expenditures and (recoveries)	8,319	217,986	107,964	27,498
Stock-based compensation expense	12,199	43,739	87,239	107,502
Normalized EBITDA	**$ (276,402)**	**$ (172,373)**	**$ (32,206)**	**$ 757**

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent (continued)

Equity to Working Capital			
	March 31, 2014	March 31, 2013	December 31, 2013
Equity	**$ 10,991,731**	**$ 8,898,084**	**$ 11,348,788**
Add: Long-term portion of notes payable	1,543,038	643,827	396,697
Add: Long-term portion of vehicle Loans	152,400	18,391	165,824
Add: Long-term portion of royalty payable	-	118,887	-
Add: Future income tax liability	694,534	814,848	740,274
Less: Goodwill	(6,712,969)	(4,386,385)	(6,600,883)
Less: Intangible assets	(3,639,889)	(4,417,716)	(3,825,790)
Less: Long-term portion of investment tax credits receivable	(1,184,022)	(1,163,394)	(1,217,686)
Less: Long-term portion of lease receivable	(34,079)	(28,128)	(36,916)
Less: Deposit on leased premises	(39,580)	(34,409)	(39,581)
Less: Equipment	(281,511)	(131,007)	(290,312)
Less: Deferred income tax asset	(44,922)	-	(44,922)
Working Capital	**$ 1,444,731**	**$ 332,998**	**$ 595,493**

Liquidity and Financial Resources

As at March 31, 2014, HDX had cash and cash equivalents totaling $2,647,587 (March 31, 2013 – $1,354,451).

For the quarter-ended March 31, 2014 and 2013, cash from (used) by operating activities was ($69,011) and $664,113 respectively. Cash from (used) by operations for the quarters-ended March 31, 2014 and 2013 resulted from a net loss, which was partially offset by items not affecting cash such as amortization, interest accretion, deferred income taxes and stock-based compensation, and the changes in working capital items.

For the quarters-ended March 31, 2014 and 2013, cash used in financing activities was $266,518 and $102,336 respectively. Cash used in financing activities for the three-months ended March 31, 2014 resulted primarily from the issuance of a notes payable which was offset by the issuance costs for the notes payable, the repayment of a notes payable and vehicle loan payments. Cash used in financing activities for the three-months ended March 31, 2013 resulted primarily from the repayment of a notes payable and vehicle loan payments. The Company expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets, or may issue additional debt.

For the quarters-ended March 31, 2014 and 2013, cash used in investing activities was $12,999 and $25,372 respectively. The cash used in investing activities during the three-months ended March 31, 2014 and March 31, 2013, relates primarily to the acquisition of property plant and equipment and intangible assets.

Working capital at March 31, 2014 and 2013 and December 31, 2013 was $1,444,731, $332,998 and $595,493 respectively.

Capital Structure

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has sufficient financial resources to meet its financial obligations for the next twelve months at a minimum.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans as shown in the Consolidated Statement of Financial Position. Total equity is the equity attributable to owners of the Company plus the conversion option in the Consolidated Statement of Financial Position.

The debt to equity ratios as at March 31, 2014, March 31, 2013 and December 31, 2013 were as follows:

	March 31, 2014	March 31, 2013	December 31, 2013
Total Debt			
Notes payable	$ 2,309,809	$ 936,520	$ 2,574,860
Vehicle loans	204,659	28,678	217,145
Bank indebtedness	207,095	12,640	207,101
Total Debt	**$ 2,721,563**	**$ 977,838**	**$ 2,999,106**
Total Equity	**$ 10,991,731**	**$ 8,898,084**	**$ 11,348,788**
Debt to Equity Ratio	**24.76%**	**10.99%**	**26.43%**

The Company has arrangements in place that allow us to access the additional debt financing for funding when required through various lines of credit. The Company’s credit capacity as at March 31, 2014 was $500,000 (March 31, 2013 - $54,730), of which the Company had utilized $207,095 (March 31, 2013 - $12,640). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

Summary of Contractual Obligations

	Payments Due by Period				
Contractual Obligations	Total	2014	2015 – 2016	2017 - 2018	2019 and beyond
Operating Leases	$ 1,037,301	$ 384,219	$ 579,099	$ 73,983	$ -
Long-Term Debt	3,147,894	874,128	767,566	1,506,200	-
Vehicle Loans	233,110	48,813	110,552	73,745	-
Total Contractual Obligations	$ 4,418,305	$ 1,307,160	$ 1,457,217	$ 1,653,928	$ -

Capital Resources

Except as otherwise disclosed, the Company does not expect to make significant capital expenditures in the near future. HDX has invested in and developed an information systems infrastructure that will scale to meet the majority its anticipated market requirements. Posera-HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS services companies that can be acquired at attractive multiples.

Financial arrangements not presented in the consolidated statements of financial position

The Company does not have any financial arrangements not presented in the consolidated statements of financial position arrangements that would ordinarily be considered 'off balance sheet' financing.

Transactions with Related Parties

The Company recognized revenue from a company controlled by the CEO, who is also a director of the company, during the three-months ended March 31, 2014, based on amounts agreed upon by the parties, in the amounts of $9,442 (2013 - $13,243). The Company recognized operating expenses and purchased products of $74,446 during the three-months ended March 31, 2014 (2013 - $82,963) from a Company controlled by the CEO at the exchange amount. As at March 31, 2014, the Company has a receivable position of $43,164 (December 31, 2013 - $38,015), and a payable of $96,895 (December 31, 2013 - $106,764), which will be settled between the related parties in the normal course of business.

During the three-months ended March 31, 2014, the Company received legal fees and disbursement invoices totaling $12,802, (2013 - $8,319) to a law firm, a partner of which is a director of the Company. As at March 31, 2014, the Company has a payable position of $51,542 (December 31, 2013 - $117,588) which will be settled between the related parties in the normal course of business.

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	Three-months March 31, 2014	Three-months March 31, 2013
Salaries and short-term employee benefits	$ 271,321	$ 241,199
Share-based payments	1,567	4,178
Total	**$ 272,888**	**$ 245,377**

Share Capital

As at March 31, 2014, Posera-HDX had issued and outstanding 59,343,087 Class A voting common shares, and 3,773,605 options, of which 3,653,605 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at May 14, 2014 Posera-HDX had issued and outstanding 59,343,087 Class A voting common shares and 4,939,105 options, of which 4,682,605 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at March 31, 2014 and May 14 2014 the convertible debenture could have been converted into 3,333,333 and 3,333,333 Common Shares respectively.

Disclosure Controls and Procedures (DC&P) and Internal Controls Over Financial Reporting

The Company's management, including the Chief Executive Office ("CEO") and the Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, the Company maintains a set of disclosure controls and procedures designed to ensure that the information required to be disclosed in filings is recorded, process, summarized and reported with the time periods specified in the Canadian Securities Administrators rules and forms. An evaluation of the design of and operating effectiveness of the Company's disclosure controls and procedures was conducted during the fiscal year-ended December 31, 2013 under the supervision of the CEO and CFO as required by Canadian Securities Administrators Multilateral National Instrument 52-109, *Certification of Disclosure in Issues' Annual and Interim Filings.* The evaluation included review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and CFO have concluded that such disclosure controls and procedures are effective.

The CEO and CFO are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management, under the supervision of the CEO and CFO have evaluated whether there were changes to the Company's internal controls over financial reporting during the year-ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2014, the Company aims to continue to improve process documentation to highlight the controls in place which are addressing the key risks, in addition to developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports.

Recent changes identified relate to the following;

i) The Company completed the acquistion of Zomaron Inc. ("Zomaron") on December 9th, 2013. During fiscal 2014 the Company anticipates the completion of integrating this business under the Company’s current report processes, procedures and consolidated accounting system;

ii) The Company completed the acquisition of Posera in the second quarter of 2010. The addition of Posera brought along a seasoned accounting team. The Company completed a reporting structure and guidelines and procedures for Posera to insure that they were able to adhere to the DC&P and ICFR required by HDX; and

No other changes were identified through management’s evaluation of the controls over financial reporting. Throughout the remainder of 2014 the Company aims to improve;

- process documentation to highlight the controls in place which are addressing the key risks;
- developing more formal documentation surrounding management’s analysis of monthly and quarterly financial reports;
- formalize a process for foreign tax reporting and
- integrating all of the acquired entities onto one accounting system platform.

Management of the Company believes in and are committed to establishing rigorous DC&P and ICFR. Our management team will continue to evaluate the effectiveness of our overall control environment and will continue to refine existing controls as they, in conjunction with the Audit Committee, Board of Directors, CEO and CFO, deem necessary. It should be noted that the control deficiencies identified by the Company did not result in adjustment to our annual audited Consolidated Financial Statements for the year ended December 31, 2013.

Period-end Financial Reporting Process

The Company did not maintain consistently and effective controls over the period-end financial reporting process throughout the year, specifically:

- Although controls are performed, adequate evidence does not always exist demonstrating the performance of controls such as review of account reconciliations, spreadsheets and significant account balances requiring the use of accounting estimates.

Limitation of Control Procedures

Management, including the CEO and CFO, does not expect that the Company’s disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can only provide reasonable, not absolute assurance that the control system objectives will be met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. In the Annual Information Form of the Company which was filed on March 27, 2014, it provided a detailed review of the risks that could affect its financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com.

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